

Mobiquity Technologies, Inc.
Form 10-Q
May 15, 2015

**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, 2015

COMMISSION FILE NUMBER: 000-51160

MOBIQUNITY TECHNOLOGIES, INC.

(Exact name of registrant as specified in its charter)

NEW YORK

11-3427886

(State of jurisdiction of Incorporation) (I.R.S. Employer Identification No.)

**600 OLD COUNTRY ROAD, SUITE 541
GARDEN CITY, NY 11530**

(Address of principal executive offices)

(516) 256-7766

(Registrant's telephone number)

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

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

Yes No

Indicate by checkmark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the 12 preceding months (or such shorter period that the registrant was required to submit and post such file).

Yes No

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

Large Accelerated Filer Accelerated Filer
Accelerated Filer Smaller Reporting Company

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

Yes No

As of May 1, 2015, the registrant had a total of 72,328,719 shares of Common Stock outstanding.

MOBIQUITY TECHNOLOGIES, INC.

FORM 10-Q QUARTERLY REPORT

TABLE OF CONTENTS

	PAGE
PART I. FINANCIAL INFORMATION	
Item 1. Financial Statements (Unaudited)	
Condensed Consolidated Balance Sheets as of March 31, 2015 (unaudited) and December 31, 2014 (audited)	1
Condensed Consolidated Statements of Operations for the Three Months Ended March 31, 2015 and March 31, 2014 (unaudited)	2
Condensed Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2015 and March 31, 2014 (unaudited)	3
Notes to Condensed Financial Statements (unaudited)	4
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	20
Item 3 Quantitative and Qualitative Disclosures	27
Item 4. Controls and Procedures	27
PART II. OTHER INFORMATION	
Item 1. Legal Proceedings	27
Item 1a. Risk Factors	27
Item 2. Changes in Securities	28
Item 3. Defaults Upon Senior Securities	29
Item 4. Mine Safety Disclosures	29
Item 5. Other Information	29
Item 6. Exhibits and Reports on Form 8-K	29
SIGNATURES	32

MOBIQUNITY TECHNOLOGIES, INC.**Condensed Balance Sheets**

	March 31, 2015 Unaudited	December 31, 2014 Audited
Assets		
Current Assets:		
Cash and cash equivalents	\$1,515,175	\$1,654,171
Accounts receivable, net	243,937	445,892
Inventory, net	149,278	190,854
Prepaid expenses and other current assets	184,558	152,502
Total Current Assets	2,092,948	2,443,419
Property and equipment, net	211,650	262,480
Intangible assets, net	87,167	94,328
Other Assets	33,741	33,741
Total Assets	\$2,425,506	\$2,833,968
Liabilities and Stockholders' Deficit		
Current Liabilities:		
Accounts payable	\$453,738	\$609,957
Accrued expenses	338,054	369,383
Convertible promissory note	322,000	322,000
Total Current Liabilities	1,113,792	1,301,340
Long-term portion of convertible notes	3,928,860	2,573,979
Total Liabilities	5,042,652	3,875,319
Stockholders' Deficit:		
Preferred Stock, \$.0001 par value; 5,000,000 shares authorized, zero and 220,000 shares issued and outstanding at March 31, 2015 and December 31, 2014 respectively	-	-
Common stock, \$.0001 par value; 200,000,000 and 100,000,000 shares authorized; 66,652,053 and 64,818,243 shares issued and outstanding at 2015 and 2014, respectively	6,667	6,482
Additional paid-in capital	29,968,625	28,966,269
Accumulated other comprehensive income (loss)	(1,584)	(2,236)
Accumulated deficit	(32,590,854)	(30,011,866)

Edgar Filing: Mobiquity Technologies, Inc. - Form 10-Q

Total Stockholders' Deficit	(2,617,146)	(1,041,351)
Total Liabilities and Stockholders' Deficit	\$2,425,506	\$2,833,968

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

MOBIQUITY TECHNOLOGIES, INC.**Condensed Consolidated Statements of Operations***Three Months Ended March 31,*

	2015	2014
	Unaudited	Unaudited
Revenues, net	\$515,383	\$626,572
Cost of Revenues	437,424	505,900
Gross Profit	77,959	120,672
Operating Expenses:		
Selling, general and administrative expenses	2,578,105	2,461,357
Total Operating Expenses	2,578,105	2,461,357
Loss from Operations	(2,500,146)	(2,340,685)
Other Income (Expense):		
Interest expense	(78,866)	(10,129)
Interest income	24	51
Total Other Income (Expense)	(78,842)	(10,078)
Net Loss	\$(2,578,988)	\$(2,350,763)
Other Comprehensive Income (Loss)	\$-	\$-
Net Comprehensive Loss	\$(2,578,988)	\$(2,350,763)
Net Loss Per Common Share:		
Basic and Diluted	\$(0.04)	\$(0.04)
Weighted Average Common Shares Outstanding:		
Basic and Diluted	64,933,423	56,936,376

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

MOBIQUITY TECHNOLOGIES, INC.**Condensed Consolidated Statements of Cash Flows***Three Months Ended March 31,*

	2015	2014
	Unaudited	Unaudited
Cash Flows from Operating Activities:		
Net loss	\$ (2,578,988)	\$ (2,350,763)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	61,499	80,685
Stock-based compensation	453,941	1,091,052
Stock issued for services	21,600	-
Debt discount on deferred financing	4,881	-
Changes in operating assets and liabilities:		
(Increase) decrease in operating assets:		
Accounts receivable	201,955	98,430
Inventory	41,576	(82,990)
Prepaid expenses and other assets	(32,056)	(7,622)
Increase (decrease) in operating liabilities:		
Accounts payable	(156,219)	16,199
Accrued expenses	(4,329)	(93,272)
Changes in foreign currency translation	-	(5,990)
Net Cash Used in Operating Activities	(1,986,140)	1,096,492
Cash Flows from Investing Activities:		
Purchase of property and equipment	(3,508)	(7,431)
Net Cash Used in Investing Activities	(3,508)	(7,431)
Cash Flows from Financing Activities:		
Proceeds from Loan(s)	1,350,000	-
Proceeds from issuance of stock	500,000	2,023,800
Net Cash Provided by Financing Activities	1,850,000	2,023,800
Net Increase (Decrease) in Cash and Cash Equivalents	(139,648)	762,098
Cash and Cash Equivalents, beginning of period	1,654,171	1,740,989
Change in foreign currency	652	-
Cash and Cash Equivalents, end of period	\$ 1,515,175	\$ 2,503,087
Supplemental Disclosure Information:		
Cash paid for interest	\$ 39,075	\$ 10,129
Cash paid for taxes	\$ -	\$ -

Non-cash Disclosures:

Stock issued for interest	\$27,000	\$-
---------------------------	-----------------	-----

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

MOBIQUITY TECHNOLOGIES, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2015 AND 2014
(UNAUDITED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS —

On September 10, 2013, Mobiquity Technologies, Inc. changed its name from Ace Marketing & Promotions, Inc. (the "Company" or "Mobiquity"). We operate through two wholly-owned U.S. subsidiaries, namely, Mobiquity Networks, Inc. and Ace Marketing & Promotions, Inc. Mobiquity Networks owns 100% of Mobiquity Wireless S.L.U, a company incorporated in Spain. This corporation has an office in Spain to support our U.S. operations.

We operate a national location-based mobile advertising network that has developed a consumer-focused proximity network which we believe is unlike any other in the United States. Our integrated suite of proprietary location based mobile advertising technologies allows clients to execute more personalized and contextually relevant experiences, driving brand awareness and incremental revenue.

Leveraging our agreement with Simon Property Group, Inc. (which we refer to herein as Simon or Simon Property), the largest mall operator in the U.S. in terms of number of properties, we have installed our location-based mobile advertising solutions in the common areas of approximately 240 Simon retail destinations across the U.S. to create "smart malls" using Bluetooth-enabled iBeacon compatible technology. In April 2015, we entered into an agreement with Macerich Partnership, L.P. (which we refer to herein as Macerich) to expand our mall footprint into approximately 55 Macerich malls by June 1, 2015. We plan to expand our mall footprint into the common areas of other malls and outside of malls with additional synergistic venues that will allow for cross marketing opportunities, including venues such as stadiums, arenas, additional college campuses, airports and retail chains. For example, we have entered into an agreement with the New York State University at Stony Brook to deploy a mobile advertising network in their new arena. This type of installation will enable fan engagement, cross-marketing opportunities, sponsorship activation and create interactive event experiences. This is our first installation in the university market.

Ace Marketing is our legacy marketing and promotions business which provides integrated marketing services to our commercial customers. While Ace Marketing currently represents substantially all of our revenue, we anticipate that activity from Ace Marketing will represent a diminishing portion of corporate revenue as our attention is now principally focused on developing and executing on opportunities in our Mobiquity Networks business.

Our Agreements with Mall Property Owners/Managers and IBM

Simon Properties

We entered into an initial agreement with Simon Property in April 2011. This agreement was amended in September 2013 and July 2014 to, among other things, expand the number of Simon mall properties covered by the agreement. Pursuant to our agreement with Simon, we have the right, on an exclusive basis, to install Bluetooth proximity marketing equipment to send information across the air space of the common areas of our Simon mall network, which includes approximately 240 malls across the United States. Under a master agreement and related agreements between us and Simon covering approximately 240 Simon malls, Simon is entitled to receive fees from us equal to a minimum fee plus the greater of a pre-set, per mall fee or a percentage of revenues derived from within the Simon mall network as well as certain commission fees based on revenues generated through Simon's sales efforts. We believe that the revenue share in which Simon participates will exceed the minimum annual mall fees if we generate revenues within the Simon network of approximately \$14 million or more in a calendar year. Our agreement with Simon requires us to maintain letters of credit for each calendar year under the agreement represented by the minimum amount of fees due for such calendar year as well as certain levels of insurance. The agreement also provides for Simon to adjust the number of malls subject to the agreement from time to time based upon changes in its beneficial ownership interest in the malls. Our agreement with Simon expires on December 31, 2017. Our agreement with Simon is subject to earlier termination by either us or Simon following a notice and cure period in the event of a material breach of the agreement.

Macerich

In April 2015, we entered into a license agreement with Macerich. Pursuant to our agreement with Macerich, we have the right to install Mobi-Beacons to send information across the air space of the common areas of our Macerich mall network, which will, when fully installed we estimate to include approximately 55 malls, across the United States. Our right to install our Mobi-Beacons to market and sell third party paid advertising in the interior common areas of these malls shall be exclusive. Under a Macerich license agreement between us and Macerich currently covering 55 malls, Macerich is entitled to receive fees from us equal to a minimum fee plus the greater of a pre-set per mall fee or a percentage of revenues derived from within the Macerich mall network as well as certain commission fees based on revenues generated through Macerich's sales efforts. We believe that the revenue share in which Macerich participates will exceed the minimum annual mall fees if we generate revenues with the Macerich network of approximately \$3 million or more in a calendar year. The agreement also provides for Macerich to adjust the number of malls subject to the agreement from time-to-time based upon changes in its beneficial ownership in the malls. Our agreement with Macerich has a term of three years but is subject to earlier termination (i) with cause following a notice and cure period in the event of material breach of the agreement or (ii) without cause by Macerich after one year on 90 days' p