Mobiquity Technologies, Inc.
Form 10-Q
August 14, 2014

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 JUNE 30, 2014

COMMISSION FILE NUMBER: 000-51160

MOBIQUITY 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 x No o

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 x No o

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 o	Accelerated Filer o
Accelerated Filer o	Smaller Reporting Company x

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

Yes o No x

As of August 1, 2014, the registrant had a total of 63,788,484 shares of Common Stock outstanding.

MOBIQUITY TECHNOLOGIES, INC.

FORM 10-Q QUARTERLY REPORT

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TECHNOLOGIES, INC.

Condensed Consolidated Balance Sheets

	June 30, 2014 Unaudited	December 31, 2013 Audited
Assets		
Current Assets:		
Cash and cash equivalents	$1,730,903	$1,740,989
Accounts receivable, net of allowance for doubtful accounts of $30,000 and $30,000 as of 2014 and 2013, respectively	372,025	433,856
Inventory	205,213	109,073
Prepaid expenses and other current assets	136,153	141,921
Total Current Assets	2,444,294	2,425,839
Property and equipment, net of accumulated depreciation of $715,035 and $597,396 as of June 30, 2014 and December 31, respectively	366,740	466,772
Intangible assets, net of accumulated amortization of $198,936 and $153,416 as of 2014 and 2013, respectively	256,264	301,784
Other Assets	34,157	34,109
Total Assets	$3,101,455	$3,228,504
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts payable	$513,302	$485,401
Accrued expenses	124,718	177,943
Convertible promissory note	322,000	322,000
Total Current Liabilities	960,020	985,344
Commitments and Contingencies	–	–
Stockholders' Equity:		
Preferred Stock, $.0001 par value; 5,000,000 shares authorized, zero and zero shares issued and outstanding at June 30, 2014 and December 31, 2013 respectively	–	–
Common stock, $.0001 par value; 200,000,000 and 100,000,000 shares authorized; 61,788,484 and 52,402,247 shares issued and outstanding at 2014 and 2013, respectively	6,179	5,240
Additional paid-in capital	25,938,975	21,948,920

Stock subscription receivable		(175,000)
Accumulated other comprehensive income (loss)	110	1,268
Accumulated deficit	(23,772,328)	(19,505,767)
	2,172,936	2,274,661
Less: Treasury Stock, at cost, 23,334 shares	(31,501)	(31,501)
Total Stockholders' Equity	2,141,435	2,243,160
Total Liabilities and Stockholders' Equity	$3,101,455	$3,228,504

See notes to condensed consolidated financial statements.

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MOBIQUITY

TECHNOLOGIES, INC.

Condensed Consolidated Statements of Operations

	Three Months Ended June 30, Unaudited		Six Months Ended June 30, Unaudited	
	2014	2013	2014	2013
Revenues, net	928,530	$975,368	1,559,351	$1,595,093
Cost of Revenues	743,496	636,622	1,249,378	1,211,388
Gross Profit	185,034	338,746	309,973	383,705
Operating Expenses:				
Selling, general and administrative expenses	2,090,199	2,026,558	4,553,137	3,261,959
Total Operating Expenses	2,090,199	2,026,558	4,553,137	3,261,959
Loss from Operations	(1,905,165)	(1,687,812)	(4,243,164)	(2,878,254)
Other Income (Expense):				
Interest expense	(13,361)	(25,100)	(23,490)	(60,984)
Interest income	42	61	93	168
Total Other Income (Expense)	(13,319)	(25,039)	(23,397)	(60,816)
Net Loss	(1,918,484)	$(1,712,851)	(4,266,561)	$(2,939,070)
Other Comprehensive Income (Loss)	4,832	–	(1,158)	–
Net Comprehensive Loss	$(1,913,652)	$(1,712,851)	$(4,267,719)	$(2,939,070)
Net Loss Per Common Share:				
Basic	$(0.03)	$(0.04)	$(0.08)	$(0.08)
Weighted Average Common Shares Outstanding:				
Basic	60,601,623	38,920,992	56,029,260	37,504,483

See notes to condensed consolidated financial statements.

MOBIQUITY

TECHNOLOGIES, INC.

Statement of Stockholders' Equity

Year Ended December 31, 2013 and Six Months Ended June 30, 2014

	Total Stockholders	Preferred Stock		Common Stock		Additional Paid-in	Stock	Accumulated Other Comprehensive Income		T
	Equity	Shares	Amount	Shares	Amount	Capital	Subscription	(Loss)	(Deficit)	S
Balance, at December 31, 2012	$1,038,984	220,000	$22	30,252,938	$3,025	$14,485,740	–	–	$(13,418,302)	2
Stock Purchase	5,562,816	–	–	19,125,006	1,913	5,735,903	(175,000)	–	–	-
Offering costs	(182,184)	–	–	–	–	(182,184)	–	–	–	-
Stock Grant	1,048,091	–	–	2,402,969	240	1,047,851	–	–	–	-
Stock Purchase Preferred	–	–	–	–	–	–	–	–	–	-
Conversion of Preferred Stock	–	(220,000)	(22)	528,000	53	(31)	–	–	–	-
Option Grant	716,983	–	–	–	–	716,983	–	–	–	-
Conversion of debt	28,000	–	–	93,334	9	27,991	–	–	–	-
Beneficial Conversion Feature	116,667	–	–	–	–	116,667	–	–	–	-
Closing Costs on equity issuance	–	–	–	–	–	–	–	–	–	-
Net Loss	(6,086,197)	–	–	–	–	–	–	$1,268	$(6,087,465)	-
Balance, at December 31, 2013	$2,243,160	–	$–	52,402,247	$5,240	$21,948,920	$(175,000)	$1,268	$(19,505,767)	2
Stock Purchase	2,735,300	–	–	7,867,668	787	2,559,513	175,000	–	–	-
Offering costs	(211,500)	–	–	–	–	(211,500)	–	–	–	-
Stock Grant	204,574	–	–	1,319,000	132	204,442	–	–	–	-
Option Grant	949,843	–	–	–	–	949,843	–	–	–	-

Warrant Exercise	–	–	–	49,569	5	(5)	–	–	–	–
Stock Compensation	166,174	–	–	150,000	15	166,159	–	–	–	–
Warrant Grant	321,603	–	–	–	–	321,603	–	–	–	–
Net Loss (unaudited)	(4,267,719)	–	–	–	–	–	–	(1,158)	(4,266,561)	–
Balance, at June 30, 2014	$2,141,435	–	$–	61,788,484	$6,179	$25,938,975	$–	$110	$(23,772,328)	2

See notes to condensed consolidated financial statements.

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MOBIQUITY

TECHNOLOGIES, INC.

Condensed Consolidated Statements of Cash Flows

Six Months Ended June 30,	2014 Unaudited	2013 Unaudited
Cash Flows from Operating Activities:		
Net loss	$(4,267,719)	$(2,939,070)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	163,159	134,607
Stock-based compensation	1,642,194	1,051,642
Amortization of deferred financing costs	–	28,159
Changes in operating assets and liabilities:		
(Increase) decrease in operating assets:		
Accounts receivable	61,831	56,755
Inventory	(96,140)	
Prepaid expenses and other assets	5,720	(160,510)
Increase (decrease) in operating liabilities:		
Accounts payable	27,901	(33,488)
Accrued expenses	(53,225)	
Total adjustments	1,751,440	1,077,165
Net Cash Used in Operating Activities	(2,516,279)	(1,861,905)
Cash Flows from Investing Activities:		
Purchase of property and equipment	(17,607)	(11,290)
Acquisition of intellectual property	–	
Net Cash Used in Investing Activities	(17,607)	(11,290)
Cash Flows from Financing Activities:		
Proceeds from issuance of stock	2,523,800	3,820,499
Net Cash Provided by Financing Activities	2,523,800	3,820,499
Net Increase (Decrease) in Cash and Cash Equivalents	(10,086)	1,947,304
Cash and Cash Equivalents, beginning of period	1,740,989	362,598
Cash and Cash Equivalents, end of period	$1,730,903	$2,309,902
Supplemental Disclosure Information:		
Cash paid for interest	$10,129	$32,826
Cash paid for taxes	$–	$–

See notes to condensed consolidated financial statements.

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MOBIQUITY TECHNOLOGIES, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

THREE MONTHS AND SIX MONTHS ENDED JUNE, 2014 AND 2013

(UNAUDITED)

NOTE 1: NATURE OF OPERATIONS

On September 10, 2013, Mobiquity Technologies, Inc. changed its name from Ace Marketing & Promotions, Inc. (the "Company" or "Mobiquity").

Mobiquity Technologies, Inc. is an advertising technology (Ad Tech) company focusing on connecting Fans (consumers) and Brands through a single platform utilizing real-time location based solutions to deliver contextually relevant data, messaging and content.. Mobiquity leverages leading edge mobile technologies including Bluetooth (Push & Beacon BLE), Wi-Fi, NFC (Near Field Communications) and QR (Quick Response) code and employs propriety devices through retail environments to build physical networks. Assets are managed in a single platform creating a new class of consumer engagement and data intelligence.

Mobiquity Technologies has developed and acquired a number of innovative marketing technologies, spanning location-based mobile marketing, mobile customer data analytics, web content and customer relationship management, that it will continue to leverage through its two wholly-owned U.S. subsidiaries: Mobiquity Networks and Ace Marketing & Promotions and Mobiquity Wireless SLU, a company incorporated in Spain.

Ace Marketing, Inc., which recently changed its name to its parent corporation’s old name, namely, Ace Marketing & Promotions, Inc. (“AMI”), is an Integrated Marketing Company focused on marketing process analysis and technology-based growth acceleration strategies. AMI offers Brand Analysis & Development, Website Analysis & Development, Database Analysis& Building, and Integrated Marketing Campaigns using: direct mail, email marketing, mobile marketing, promotional products and other mediums that help its clients connect with their customers and acquire new business

Mobiquity Networks, Inc. is a leading provider of hyper-local mobile marketing solutions. Mobiquity is continuing to attempt to build one of the nation's largest Location-Based Mobile Marketing networks. Location-Based Mobile Marketing is a mobile marketing tool that delivers rich digital content to any Bluetooth or Wi-Fi enabled device within a 300ft radius of a central terminal. Our technology permits delivery to virtually any mobile device and properly formats each message to ensure that every user receives the best possible experience. Results are fully trackable, giving campaigns full performance accountability. We offer brands the opportunity to reach millions of consumers with relevant, engaging content that is 100% free to the end user. The Mobiquity network is the largest mall-based Bluetooth network of its kind. It is currently installed in 100 malls across the US, covering each of the top 10 designated marketing areas (“DMA’s”), and has the ability to reach approximately 120 million shopping visits per month.

Mobiquity Wireless SLU is a corporation incorporated in Spain. This corporation has an office in Spain to support our U.S. operations.

The Network

Through our various agreements with mall developers and strategic partners, we currently have deployed physical devices throughout 100 of the top shopping malls across the United States and we have a planned expansion of up to an additional 165 malls over the next several months . These devices work together to create our NETWORK, which provides advertisers the opportunity to reach millions of mall visitors per month with mobile content and offers when they are most receptive to advertising messages. We are also planning to expand our network into other venues, such as; stadiums, arenas, colleges, airports and retail chains to name a few.

The highlights of our network include the following:

- 100 shopping malls (expanding to approximately 265);
- Represents approximately 120 million monthly shopping visits (expanding to over 200 million visits);
- Provides access to affluent, highly-sought-after demographic; and
- National coverage – Top 10+ DMA’s throughout the country, such as but not limited to; New York, Los Angeles and Chicago.

Our location-based mobile marketing network is designed to reach on-the-go shoppers via their mobile devices. We offer extremely targeted messaging and content engineered to engage and influence shoppers as they move about the mall environment. Mobiquity’s Mobi-Units and Mobi-Beacons are strategically placed throughout the shopping malls common area, near entrances, anchor stores, escalators and other high traffic and high dwell time areas. Mobiquity’s Mobi-Unit and Mobi-Beacon placement takes advantage of the opportunity to provide a reminder to consumers just before making a purchase decision. These devicesgenerate high awareness and brand recognition at the right time and place.

NOTE 2: SUMMARY OF SELECTED SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The accompanying consolidated condensed financial statements include the accounts of Mobiquity Technologies, Inc., formerly known as Ace Marketing & Promotions, Inc., and its wholly owned subsidiaries, Mobiquity Networks, Inc., Ace Marketing, Inc., (which has had its name changed to Ace Marketing & Promotions, Inc.) and Mobiquity Wireless S.L.U.). All intercompany accounts and transactions have been eliminated in consolidation. The accompanying condensed consolidated financial statements and footnotes thereto are unaudited.

The Condensed Consolidated Balance Sheets as of June 30, 2014 and December 31, 2013, the Condensed Consolidated Statements of Operations for the three months and six months ended June 30, 2014 and 2013 and the Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2014 and 2013 have been prepared by us without audit, and in accordance with the requirements of Form 10-Q and, therefore, they do not include all information and footnotes necessary for a fair presentation of financial position, results of operations, and cash flows in conformity with accounting principles generally accepted in the United States of America. In our opinion, the accompanying unaudited condensed consolidated financial statements contain all adjustments necessary to present fairly in all material respects our financial position as of June 30, 2014, results of operations for the three months and six months ended June 30, 2014 and 2013 and cash flows for the six months ended June 30, 2014 and 2013. All such adjustments are of a normal recurring nature. The results of operations and cash flows for the three months ended June 30, 2014 are not necessarily indicative of the results to be expected for the full year. We have evaluated subsequent events through the filing of this Form 10-Q with the SEC, and determined there have not been any events that have occurred that would require adjustments to our unaudited Condensed Financial Statements.

The information contained in this report on Form 10-Q should be read in conjunction with our Form 10-K for our fiscal year ended December 31, 2013.

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles 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. Actual results could differ from those estimates.

FAIR VALUE OF FINANCIAL INSTRUMENTS

Effective January 1, 2008, the Company adopted FASB ASC 820, “Fair Value Measurements and Disclosures” (“ASC 820”), for assets and liabilities measured at fair value on a recurring basis. ASC 820 establishes a common definition for fair value to be applied to existing generally accepted accounting principles that require the use of fair value measurements, and establishes a framework for measuring fair value and expands disclosure about such fair value measurements. The adoption of ASC 820 did not have an impact on the Company’s financial position or operating results, but did expand certain disclosures.

ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Additionally, ASC 820 requires the use of valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. These inputs are prioritized below:

Level 1:	Observable inputs such as quoted market prices in active markets for identical assets or liabilities
Level 2:	Observable market-based inputs or unobservable inputs that are corroborated by market data
Level 3:	Unobservable inputs for which there is little or no market data, which require the use of the reporting entity's own assumptions.

Cash and cash equivalents include money market securities that are considered to be highly liquid and easily tradable as of June 30, 2014 and 2013. These securities are valued using inputs observable in active markets for identical securities and are therefore classified as Level 1 within our fair value hierarchy.

The carrying amounts of financial instruments, including accounts receivable, accounts payable and accrued liabilities, and promissory note, approximated fair value as of June 30, 2014 and 2013, because of the relatively short-term maturity of these instruments and their market interest rates.

CASH AND CASH EQUIVALENTS

The majority of cash is maintained with a major financial institution in the United States. Deposits with this bank may exceed the amount of insurance provided on such deposits. Generally, these deposits may be redeemed on demand and, therefore, bear minimal risk. The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

REVENUE RECOGNITION

Revenue is recognized when title and risk of loss transfers to the customer and the earnings process is complete. In general, title passes to our customers upon the customer's receipt of the merchandise. Revenue is recognized on a gross basis since the Company has the risks and rewards of ownership, latitude in selection of vendors and pricing, and bears all credit risk. Advance payments made by customers are included in customer deposits.

The Company records all shipping and handling fees billed to customers as revenues and related costs as cost of goods sold, when incurred.

Additional source of revenue, derived from emails/texts directly to consumers are recognized under contractual arrangements. Revenue from this advertising method is recognized at the time of service provided.

ALLOWANCE FOR DOUBTFUL ACCOUNTS - Management must make estimates of the uncollectability of accounts receivable. Management specifically analyzes accounts receivable and analyzes historical bad debts, customer concentrations, customer credit-worthiness, current economic trends and changes in customer payment terms when evaluating the adequacy of the allowance for doubtful accounts.

INVENTORY - Inventory is recorded at cost (First In, First Out) and is comprised of finished goods. The Company maintains an inventory on hand for its largest customer's frequent order items. All items held are branded for the customer, therefore are not available for public distribution. The Company has an agreement with this customer, for cost recovery, if vendor relationship is terminated. There has been no reserves placed on inventory, based on this arrangement.

PROPERTY AND EQUIPMENT - Property and equipment are stated at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets. Leasehold improvements are being amortized using the straight-line method over the estimated useful lives of the related assets or the remaining term of the lease. The costs of additions and improvements, which substantially extend the useful life of a particular asset, are capitalized. Repair and maintenance costs are charged to expense. When assets are sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the account and the gain or loss on disposition is reflected in operating income.

LONG LIVED ASSETS - Long-lived assets such as property, equipment and identifiable intangibles are reviewed for impairment whenever facts and circumstances indicate that the carrying value may not be recoverable. When required impairment losses on assets to be held and used are recognized based on the fair value of the asset. The fair value is determined based on estimates of future cash flows, market value of similar assets, if available, or independent appraisals, if required. If the carrying amount of the long-lived asset is not recoverable from its undiscounted cash flows, an impairment loss is recognized for the difference between the carrying amount and fair value of the asset. When fair values are not available, the Company estimates fair value using the expected future cash flows discounted at a rate commensurate with the risk associated with the recovery of the assets. We did not recognize any impairment losses for any periods presented.

WEBSITE TECHNOLOGY - Website technology developed during the year was capitalized for the period of development and testing. Expenditures during the planning stage and after implementation have been expensed in accordance with ASC985.

ADVERTISING COSTS - Advertising costs are expensed as incurred. For the three months ended June 30, 2014 and 2013 there were advertising costs of $0 and $2,740, respectively. In the six months ended June 30, 2014 and 2013, there were advertising costs of $288 and $3,340, respectively.

ACCOUNTING FOR STOCK BASED COMPENSATION - Stock based compensation cost is measured at the grant date fair value of the award and is recognized as expense over the requisite service period. The Company uses the Black-Sholes option-pricing model to determine fair value of the awards, which involves certain subjective assumptions. These assumptions include estimating the length of time employees will retain their vested stock options before exercising them (“expected term”), the estimated volatility of the Company’s common stock price over the expected term (“volatility”) and the number of options for which vesting requirements will not be completed (“forfeitures”). Changes in the subjective assumptions can materially affect estimates of fair value stock-based compensation, and the related amount recognized on the consolidated statements of operations.

BENEFICIAL CONVERSIONS - Debt instruments that contain a beneficial conversion feature are recorded as deemed interest to the holders of the convertible debt instruments. The beneficial conversion is calculated as the difference between the fair value of the underlying common stock less the proceeds that have been received for the debt instrument limited to the value received. The beneficial conversion amount is recorded as interest expense and an increase to additional paid-in-capital. The beneficial conversion has been fully accreted to the face value of the original loan and interest expense has been recognized.

FOREIGN CURRENCY TRANSLATIONS - The Company’s functional and reporting currency is the U.S. dollar. We own a subsidiary in Europe. Our subsidiary’s functional currency is the EURO. All transactions initiated in EUROs are translated into U.S. dollars in accordance with ASC 830-30, *“Translation of Financial Statements,”* as follows:

(i) Monetary assets and liabilities at the rate of exchange in effect at the balance sheet date.
(ii) Fixed assets and equity transactions at historical rates.
(iii) Revenue and expense items at the average rate of exchange prevailing during the period.

Adjustments arising from such translations are deferred until realization and are included as a separate component of stockholders' equity as a component of comprehensive income or loss. Therefore, translation adjustments are not included in determining net income (loss) but reported as other comprehensive income.

No significant realized exchange gains or losses were recorded since March 7, 2013 (date of acquisition of subsidiary) to June 30, 2014.

INCOME TAXES - Deferred income taxes are recognized for temporary differences between financial statement and income tax basis of assets and liabilities for which income tax or tax benefits are expected to be realized in future years. A valuation allowance is established to reduce deferred tax assets, if it is more likely than not, that all or some portion of such deferred tax assets will not be realized. The effect on deferred taxes of a change in tax rates is recognized in income in the period that includes the enactment date.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In May 2014, FASB issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*. The revenue recognition standard affects all entities that have contracts with customers, except for certain items. The new revenue recognition standard eliminates the transaction and industry specific revenue recognition guidance under current GAAP and replaces it with a principle-based approach for determining revenue recognition. Public entities are required to adopt the revenue recognition standard for reporting periods beginning after December 15, 2016, and interim and annual reporting periods thereafter. Early adoption is not permitted for public entities. The Company has reviewed the applicable ASU and has not, at the current time, quantified the effects of this pronouncement, however management believes that there will be no material effect on the consolidated financial statements.

In June 2014, FASB issued Accounting Standards Update (ASU) No. 2014-12 *Compensation — Stock Compensation (Topic 718), Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period*. A performance target in a share-based payment that affects vesting and that could be achieved after the requisite service period should be accounted for as a performance condition under Accounting Standards Codification (ASC) 718, *Compensation — Stock Compensation*. As a result, the target is not reflected in the estimation of the award's grant date fair value. Compensation cost would be recognized over the required service period, if it is probable that the performance condition will be achieved. The guidance is effective for annual periods beginning after 15 December 2015 and interim periods within those annual periods. Early adoption is permitted. Management has reviewed the ASU and believes that they currently account for these awards in a manner consistent with the new guidance, therefore there is no anticipation of any effect to the consolidated financial statements.

We have reviewed the FASB issued Accounting Standards Update ("ASU") accounting pronouncements and interpretations thereof that have effectiveness dates during the periods reported and in future periods. The Company has carefully considered the new pronouncements that alter previous generally accepted accounting principles and does not believe that any new or modified principles will have a material impact on the corporation's reported financial position or operations in the near term. The applicability of any standard is subject to the formal review of our financial management and certain standards are under consideration.

NOTE 3: LOSS PER SHARE

Basic loss per common share is computed by dividing net loss by the weighted average number of shares of common stock outstanding during the period. Dilutive loss per share gives effect to stock options and warrants, which are considered to be dilutive common stock equivalents. Basic loss per common share was computed by dividing net loss by the weighted average number of shares of common stock outstanding. The number of common shares potentially issuable upon the exercise of certain options and warrants that were excluded from the diluted loss per common share calculation was approximately 33,304,000 and 28,367,000 because they are anti-dilutive as a result of a net loss for the three months ended June 30, 2014 and 2013, respectively.

NOTE 4: CONVERTIBLE PROMISSORY NOTE

On June 12, 2012, the Company closed on a security agreement (the "Security Agreement") with TCA related to a $350,000 convertible promissory note issued by the Company in favor of TCA (the "Convertible Note"). The maturity date of the Convertible Note was December 2013, and the Convertible Note bears interest at a rate of twelve percent (12%) per annum. The Convertible Note was convertible into shares of the Company's common stock at a price equal to ninety-five percent (95%) of the average of the lowest daily volume weighted average price of the Company's common stock during the five (5) trading days immediately prior to the date of conversion. The Convertible Note may be prepaid in whole or in part at the Company's option without penalty. The Security Agreement granted to TCA a continuing, first priority security interest in all of the Company's assets, wheresoever located and whether now existing or hereafter arising or acquired. The Company's wholly-owned subsidiary, Mobiquity Networks, Inc., also entered into a similar Security Agreement and Guaranty Agreement. On December 12, 2013, TCA sold its entire interest in the Company's $350,000 secured promissory note to Thomas Arnost, a director of the Company, at face value. Mr. Arnost entered into an amendment to the note to extend the maturity date of the note to June 12, 2014, subject to his right to declare the note due and payable at any time in his sole discretion. Also, the interest rate was raised from 12% per annum to 15% per annum with interest payable monthly and the conversion price of the shares issuable upon conversion of the note was fixed at $.30 per share. The due date of the note was further extended to December 12, 2014 and is convertible at the sole discretion of the noteholder. The noteholder immediately converted $28,000 into 93,334 shares of common stock in December 2013. The principal balance on the note is $322,000 as of June 30, 2014.

The Company evaluated the terms of the new note in accordance with ASC Topic No. 815 - 40, *Derivatives and Hedging - Contracts in Entity's Own Stock*. The Company determined that the conversion feature did not meet the definition of a liability and therefore did not bifurcate the conversion feature and account for it as a separate derivative liability. The Company evaluated the conversion feature for a beneficial conversion feature. The effective conversion price was compared to the market price on the date of the note and was deemed to be less than the market value of underlying common stock at the inception of the note. Therefore, the Company recognized a beneficial conversion feature in the amount of $116,667. The beneficial conversion feature was recorded as an increase in additional paid-in capital and recognized interest expense in the year ended December 31, 2013.

NOTE 5: STOCK COMPENSATION

Compensation costs related to share-based payment transactions, including employee stock options, are recognized in the financial statements utilizing the straight line method for the cost of these awards.

The Company's results for the three month periods ended June 30, 2014 and 2013 include employee share-based compensation expense totaling approximately $551,000 and $946,000, respectively. The Company's results for the six month periods ended June 30, 2014 and 2013 include employee share-based compensation expense totaling approximately $1,642,000 and $1,052,000, respectively. Such amounts have been included in the Condensed Consolidated Statements of Operations within selling, general and administrative expenses. No income tax benefit has been recognized in the statement of operations for share-based compensation arrangements due to a history of operating losses.

The following table summarizes stock-based compensation expense for the three and six months ended June 30, 2014 and 2013 (unaudited):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Employee stock-based compensation - option grants	$14,791	$93,769	$29,582	$123,321
Employee stock-based compensation - stock grants				
Non-Employee stock-based compensation - option grants	214,748	199,393	920,261	229,600
Non-Employee stock-based compensation - stock grants	321,603	616,872	370,748	625,497
Non-Employee stock-based compensation-stock warrant		35,428	321,603	73,224
Total	$551,142	$945,642	$1,642,194	$1,051,642

NOTE 6: STOCK OPTION PLAN

During Fiscal 2005, the Company established, and the stockholders approved, an Employee Benefit and Consulting Services Compensation Plan (the "2005 Plan") for the granting of up to 2,000,000 non-statutory and incentive stock options and stock awards to directors, officers, consultants and key employees of the Company. On June 9, 2005, the Board of Directors amended the Plan to increase the number of stock options and awards to be granted under the Plan to 4,000,000. During Fiscal 2009, the Company established a plan of long-term stock-based compensation incentives for selected Eligible Participants of the Company covering 4,000,000 shares. This plan was adopted by the Board of Directors and approved by stockholders in October 2009 and shall be known as the 2009 Employee Benefit and Consulting Services Compensation Plan (the "2009 Plan"). In September 2013, the Company's stockholders approved an increase in the number of shares covered by the 2009 Plan to 10,000,000. (The 2005 and 2009 Plans are collectively referred to as the "Plans" and the Company has a combined 14,000,000 shares available for issuance under the Plans.)

All stock options under the Plans are granted at or above the fair market value of the common stock at the grant date. Employee and non-employee stock options vest over varying periods and generally expire either 5 or 10 years from the grant date. The fair value of options at the date of grant was estimated using the Black-Scholes option pricing model. For option grants, the Company will take into consideration payments subject to the provisions of ASC 718 "Stock Compensation", previously Revised SFAS No. 123 "Share-Based Payment" ("SFAS 123 (R)"). The fair values of these restricted stock awards are equal to the market value of the Company's stock on the date of grant, after taking into certain discounts. The expected volatility is based upon historical volatility of our stock and other contributing factors. The expected term is based upon observation of actual time elapsed between date of grant and exercise of options for all employees. Previously, such assumptions were determined based on historical data.

The weighted average assumptions made in calculating the fair values of options granted during the three and six months ended June 30, 2014 and 2013 are as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2014	2013	2014	2013
Expected volatility	0.00%	136.44%	21.30%	119.24%
Expected dividend yield		–		–
Risk-free interest rate	0.00%	.97%	2.81%	1.10%
Expected term (in years)	0.0	5	10	5.67

Share	Weighted Average	Weighted Average	Aggregate Intrinsic

		Exercise Price	Remaining Contractual Term	Value
Outstanding, January 1, 2014	7,045,000	.63	2.57	$ 314,750
Granted	3,785,000	.41	9.57	390,000
Exercised	–			
Cancelled & Expired	(100,000)	.90		
Outstanding, June 30, 2014	10,730,000	.53	6.02	$ 614,150
Options exercisable, June 30, 2014	10,500,832	.54	6.06	$ 614,150

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The weighted-average grant-date fair value of options granted during the six months ended June 30, 2014 and 2013 was $0.41 and $0.38, respectively.

The aggregate intrinsic value of options outstanding and options exercisable at June 30, 2014 is calculated as the difference between the exercise price of the underlying options and the market price of the Company's common stock for the shares that had exercise prices, that were lower than the $0.43 closing price of the Company's common stock on June 30, 2014.

As of June 30, 2014, the fair value of unamortized compensation cost related to unvested stock option awards was $54,239.

The weighted average assumptions made in calculating the fair value of warrants granted during the three and six months ended June 30, 2014 and 2013 are as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2014	2013	2014	2013
Expected volatility	156.68%	129.12%	156.68%	57.81%
Expected dividend yield		–		–
Risk-free interest rate	1.69%	.71%	1.69%	.74%
Expected term (in years)	5	5	5	4.29

	Share	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding, January 1, 2014	19,640,375	$ .55	1.56	$–
Granted	4,433,839	$ .51	3.77	–
Exercised	(125,000)			
Expired	(1,375,000)			
Outstanding, June 30, 2014	22,574,214	$ .55	2.80	143,500

Warrants exercisable, June 30, 2014	22,074,214	$ .55	2.76	$ 143,500

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NOTE 7: CONSULTING AGREEMENTS AND SHARE BASED COMPENSATION

For the year 2013, the Company issued an aggregate of 2,402,969 shares in connection with business advisory services, at a fair market value of $1,048,091.

In January 2013, the Company issued to consultants, warrants to purchase 600,000 shares exercisable at $.30 per share through January 2017. In June 2013, the Company issued to consultants, options to purchase 500,000 shares exercisable at $.30 per share through April 11, 2018.

In February 2013, the Company entered into an additional financial consulting agreement for a period of 90 days. Pursuant to said agreement, the Company agreed to pay $5,000 per month and to issue 100,000 restricted shares of common stock during the term of the agreement.

In April 2013, the Company entered into a business development and consulting contract for a term commencing in April and expiring December 31, 2013. Pursuant to said agreement, the Company agreed to pay the consultant a fee of $5,000 per month, plus 1,500,000 shares of restricted Common Stock and warrants to purchase 500,000 restricted shares of Common Stock, exercisable at $.30 per share, over a period of five years. The warrants contain cashless exercise provisions in the event there is not an effective registration statement covering the resale of the underlying shares.

On September 30, 2013, the Company entered into an agreement with a consultant to perform financial related services and to assist the Company in raising additional financing. For the consultant's services, the consultant received, irrespective of success or the amount raised, $65,000 paid on or before December 31, 2013; $150,000 paid on or about March 31, 2014 together with warrants to purchase 700,000 shares at an exercise price of $.30 per share over a term of five years; and 150,000 shares of restricted Common Stock issuable on April 1, 2014.

On October 30, 2013, the Company entered into a consulting agreement with a term of six months. Pursuant to the consulting contract, the Company agreed to pay a monthly retainer of $10,000 beginning November 1, 2013 and up to 350,000 shares and up to $100,000 in discretionary bonuses. Of the 350,000 shares, 90,000 shares were issued in December 2013 and the remaining 260,000 shares were issued in February 2014. The $100,000 discretionary bonus was paid in the first quarter of 2014. In February 2014, the board of directors approved and the Company entered into an amendment to the consulting agreement, to extend the contract for an additional three months through July 31, 2014. During the extension period, the Company will continue to pay consultant a fee of $10,000 per month and the consultant is eligible to receive the same discretionary bonuses of up to 350,000 shares (or warrants) and up to an additional $100,000 in discretionary cash bonuses.

On April 30, 2014, the Company entered into an agreement with a financial and business advisor to assist the Company in developing relationships with potential strategic business partners and to provide advice with respect to capital raising and other transactions. Pursuant to this agreement, the Company issued five-year warrants to purchase 1,000,000 shares of Common Stock which were fully vested no later than May 30, 2014. In the event the consultant introduces a strategic business partner, then a 1% finder’s fee will be paid to consultant in the same form of consideration as that received by the Company.

In August 2011, the Company entered into an agreement with a consultant in which the Company issued 66,000 shares of its then restricted Common Stock to the consultant in exchange for $40,000 of technology services. The Company approved issuing an additional 34,000 shares to the consultant in the second quarter of 2014 for work previously completed.

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NOTE 8: PRIVATE PLACEMENT

On July 10, 2012, the Company sold 1,347,201 shares of its Common Stock to various investors at $.45 per share subject to certain anti-dilution rights for a period of twenty four months. Due to the Company's November 2012 offering at $.30 per share as described below, the Company issued an additional 673,598 shares pursuant to the aforementioned anti-dilution rights. The Company received gross proceeds of $606,240 before offering costs. Each investor received Fixed Price Warrants to purchase 50% of the number of shares of Common Stock purchased in the Offering. The Fixed Price Warrants are exercisable at any time from the date of issuance through July 10, 2017 at an exercise price of $.55. Each investor also received a Warrant to purchase 20% of the number of shares that were purchased in the Offering (the "Milestone Warrants"). The Milestone Warrants were automatically exercised without any additional consideration to be paid since the Company reported audited gross revenues of less than $5,000,000 for the period July 1, 2012 through June 30, 2013. In August 2013, the Company issued an aggregate of 258,327 shares of Common Stock pursuant to the Milestone Warrants. Exemption from registration for the sale of securities is claimed under Rule 506 of Regulation D promulgated pursuant to Section 4(2) of the Securities Act of 1933, as amended.

On March 31, 2013, the Company issued 528,000 shares of Common Stock automatically upon the conversion of outstanding shares of Preferred Stock. Exemption from registration was claimed under Section 3(a)(9) of the Securities Act as an exchange of securities of the same issuer without any compensation being paid.

During 2013, the Company raised $5,562,816 in gross proceeds from the sale of its Common Stock at $.30 per share. Pursuant to said offering, the Company sold 19,125,006 shares of its Common Stock and Class BB Warrants to purchase 9,562,503 shares of Common Stock exercisable at $.50 per share through December 15, 2017. A total of $150,000 of commissions was paid to a licensed member of FINRA together with Warrants to purchase 625,000 shares. Exemption from registration for the sale of the aforementioned securities is claimed under Rule 506 of Regulation D promulgated pursuant to Section 4(2) of the Securities Act of 1933, as amended. Thomas Arnost, Sean Trepeta and Sean McDonnell, officers and directors of the Company, purchased $200,000, $90,000 and $50,000, respectively, of securities pursuant to said offering.

Between January 1, 2014 and the date of this report, the Company has raised gross proceeds of $2,160,300 from the sale of its Common Stock (including $175,000 of the stock subscription receivables) at $.30 per share. In connection with this private placement offering, the Company has issued 7,201,000 shares of Common Stock and Class BB Warrants to purchase 3,600,500 shares of Common Stock at an exercise price of $.50 per share through December 15, 2017.

On March 31, 2014, the Company entered into a common stock purchase agreement with Aspire Capital Fund LLC as described in Note 15. On that date, Aspire Capital agreed to pay $500,000 to the Company for an initial purchase of 1,000,000 restricted shares of the Company's Common Stock. These 1,000,000 restricted shares, plus a commitment fee of an additional 1,000,000 shares, for a total of 2,000,000 shares were issued in April 2014 to Aspire Capital.

NOTE 9: SEGMENT INFORMATION

Reportable operating segment is determined based on Mobiquity Technologies, Inc.'s management approach. The management approach, as defined by accounting standards which have been codified into FASB ASC 280, Segment Reporting," is based on the way that the chief operating decision-maker organizes the segments within an enterprise for making decisions about resources to be allocated and assessing their performance. Our chief operating decision-maker is our Chief Executive Officer and Chief Financial Officer.

While our results of operations are primarily reviewed on a consolidated basis, the chief operating decision-maker also manages the enterprise in two operating segments: (i) Ace Marketing and Promotions, Inc. captures Branding & Branded Merchandise (ii) Mobiquity Networks represent our Mobile Marketing.

Corporate management defines and reviews segment profitability based on the same allocation methodology as presented in the segment data tables below:

	Quarter Ended June 30, 2014		
	Ace Marketing & Promotions, Inc.	Mobiquity Networks, Inc.	Total
Revenues, net	$893,030	35,500	$928,530
Operating (loss), before interest amortization, depreciation and taxes	(1,004,559)	(818,310)	(1,822,869)
Interest income	42	–	42
Interest (expense)	(13,361)	–	(13,361)
Depreciation and amortization	(26,109)	(56,187)	(82,296)
Net Loss	(1,043,987)	(874,497)	(1,918,484)
Assets at June 30, 2014	2,417,950	683,505	3,101,455

All intersegment sales and expenses have been eliminated from the table above.

NOTE 10: EMPLOYMENT CONTRACTS

On March 1, 2005, the Company entered into employment contracts with two of its officers, namely, Dean L. Julia and Michael D. Trepeta. The employment agreements provide for minimum annual salaries plus bonuses equal to 5% of pre-tax earnings (as defined) and other perquisites commonly found in such agreements. In addition, pursuant to the employment contracts, the Company granted the officers options to purchase up to an aggregate of 400,000 shares of common stock.

On August 22, 2007, the Company approved a three year extension of the employment contracts with two of its officers expiring on February 28, 2011. The employment agreements provided for minimum annual salaries with scheduled increases per annum to occur on every anniversary date of the contract and extension commencing on March 1, 2008. A signing bonus of options to purchase 150,000 shares granted to each executive were fully vested at the date of the grant and exercisable at $1.20 per share through August 22, 2017. Ten year options to purchase 50,000 shares of common stock are to be granted at fair market value on each anniversary date of the contract and extension commencing March 1, 2008. Termination pay of one year base salary based upon the scheduled annual salary of each executive officer for the next contract year, plus the amount of bonuses paid (or entitle to be paid) to the executive for the current fiscal year of the preceding fiscal year, whichever is higher.

On April 7, 2010, the Board of Directors approved a five-year extension of the employment contract of Dean L. Julia and Michael D. Trepeta to expire on March 1, 2015. The Board approved the continuation of each officer's current salary and scheduled salary increases on March 1st of each year. The Board also approved a signing bonus of stock options to purchase 200,000 shares granted to each officer which is fully vested at the date of grant and exercisable at $.50 per share through April 7, 2020; ten-year stock options to purchase 100,000 shares of Common Stock to be granted to each officer at fair market value on each anniversary date of the contract and extension thereof commencing March 1, 2011; and termination pay of one year base salary based upon the scheduled annual salary of each executive officer for the next contract year plus the amount of bonuses paid or entitled to be paid to the executive for the current fiscal year or the preceding fiscal year, whichever is higher. In the event of termination, the executives will continue to receive all benefits included in the employment agreement through the scheduled expiration date of said employment agreement prior to the acceleration of the termination date thereof.

In July 2012, the Company approved and in January 2013 the Company implemented amending the employment agreements of Messrs. Julia and M. Trepeta to expire on February 28, 2017, subject to an automatic one year renewal on March 1, 2013 and on each March 1st thereafter, unless the Employment Agreement is terminated in accordance with its terms on or before December 30th of the prior calendar year. In the event of termination without cause, the executives will continue to receive all salary and benefits included in the employment agreement through the scheduled expiration date of said employment agreement prior to the acceleration of the termination date thereof, plus one year termination pay.

On May 28, 2013, the Company approved amending the employment agreements of Messrs. Julia and Trepeta to provide that each officer may choose an annual bonus equal to 5% of pre-tax earnings for the most recently completed year before deduction of annual bonuses paid to officers or, in the event majority control of the Company is acquired by a person or a group of persons during the prior fiscal year, the officer may choose to receive the aforementioned bonus or 1% of the control consideration paid by acquirer(s) to acquire majority control of the Company.

NOTE 11: FACILITIES

In February 2012, the Company entered into a lease agreement for new executive office space of approximately 4,200 square feet located at 600 Old Country Road, Suite 541, Garden City, NY 11530. The lease agreement is for 63 months, commencing April 2012 and expiring June 2017. The annual rent under this office facility for the first year is estimated at $127,000, including electricity, subject to an annual increase of 3%. In the event of a default in which the Company is evicted from the office space, Mobiquity would be responsible to the landlord for an additional payment of rent of $160,000 in the first year of the lease, an additional payment of $106,667 in the second year of the lease and an additional payment of rent of $53,333 in the third year of the lease. Such additional rent would be payable at the discretion of the Company in cash or in Common Stock of the Company.

In July of 2014, the Company acquired additional rental space on a month to month basis to provide working space for the Mobiquity segment of the Company. The additional space is located in the current office building as the executive offices, located at 600 Old Country Road in Garden City New York.

The Company leases office space under non-cancelable operating leases in Farmingville, NY expiring in November 2014. The Company is obligated for the payment of real estate taxes under these leases. The Company is also currently leasing additional office space on a month-to-month basis. The Company also leases approximately 1,200 square feet of office and warehouse space in Spain at a monthly cost of approximately $2,200. Minimum future rentals under non-cancelable lease commitments are as follows:

YEARS ENDING DECEMBER 31,	
2014	126,000
2015	135,000
2016	139,000
2017 and thereafter	36,000
	$436,000

Rent and real estate tax expense was approximately $299,900 and $202,400 for the three months ended June 30, 2014 and 2013, respectively. Rent and real estate tax expense was approximately $592,600 and $392,900 for the six months ended June 30, 2014 and 2013, respectively.

NOTE 12: ACQUISITION OF CERTAIN ASSETS OF FUTURLINK

In March 2013, the Company formed as a wholly-owned subsidiary, Mobiquity Wireless, SLU in Spain. Mobiquity Wireless then acquired the assets of FuturLink at a cost of approximately $160,200, which cash was paid from the Company's current working capital. These assets include, without limitation, the FuturLink technology (U.S. patents and source codes), trademark(s) and access point (proximity marketing) component parts.

As the technology owner, the Company realized immediate benefits and will leverage the hardware and software included in its purchase to expand its mall-based footprint in the United States. The acquisition of FuturLink's technology and corresponding U.S. patents provides the Company with the flexibility and autonomy to; improve, upgrade and integrate new ideas and cutting edge technologies into its existing platform. This will allow the Company to evolve as new technologies emerge.

The Company believes that the intellectual property of FuturLink which is now owned by the Company will be a valuable asset to the Company as it moves forward with its technology platform. In the event our intellectual property positions are challenged, invalidated, circumvented or expire, or if we fail to prevail in future intellectual property litigation, our business could be adversely affected. Our success depends in part on our ability to defend our intellectual property rights. Third parties may seek to challenge, invalidate or circumvent our intellectual property rights. In addition, our intellectual property positions might not protect us against competitors with similar products or technologies because competing products or technologies may not infringe our intellectual property rights. Also, there are third parties who have patents or pending patent applications that they may claim necessitate payment of a royalty or prevent us from commercializing our proprietary rights in certain territories. Intellectual property disputes are frequent, costly and can preclude, delay or increase the cost of commercialization of products and/or services.

NOTE 13: COMMITTED EQUITY FACILITY AGREEMENT/REGISTRATION RIGHTS AGREEMENT

On June 12, 2012, Ace Marketing& Promotions, Inc. (the "Company") finalized a committed equity facility (the "Equity Facility") with TCA Global Credit Master Fund, LP, a Cayman Islands limited partnership ("TCA"), whereby the parties entered into as of May 31, 2012 (i) a committed equity facility agreement (the "Equity Agreement") and (ii) a registration rights agreement (the "Registration Rights Agreement").

Committed Equity Facility Agreement

On June 12, 2012, the Company finalized an Equity Agreement with TCA. Pursuant to the terms of the Equity Agreement, for a period of twenty-four months commencing on the effective date of the Registration Statement (as defined herein), TCA shall commit to purchase up to $2,000,000 of the Company's common stock (the "Shares"), pursuant to Advances (as defined below), covering the Registrable Securities (as defined below). The purchase price of the Shares under the Equity Agreement is equal to ninety-five percent (95%) of the lowest daily volume weighted average price of the Company's common stock during the five (5) consecutive trading days after the Company delivers to TCA an Advance notice in writing requiring TCA to advance funds (an "Advance") to the Company, subject to the terms of the Equity Agreement.

The "Registrable Securities" include (i) the Shares; and (ii) any securities issued or issuable with respect to the Shares by way of exchange, stock dividend or stock split or in connection with a combination of shares, recapitalization, merger, consolidation or other reorganization or otherwise.

As further consideration for TCA entering into and structuring the Equity Facility, the Company shall pay to TCA a fee by issuing to TCA that number of shares of the Company's common stock that equal a dollar amount of one hundred thousand dollars ($100,000) (the "Facility Fee Shares"). In the event the value of the Facility Fee Shares issued to TCA does not equal $100,000 after a ninth month evaluation date, the Equity Agreement provides for an adjustment provision allowing for necessary action to adjust the number of shares issued. In June 2012, the Company issued 196,078 shares of common stock as the initial Facility Fee Shares. In March 2013, TCA notified the Company that the facility fee of $100,000 needed to be paid in additional shares or cash. In this respect, the 196,078 shares of Common Stock previously advance by the Company to TCA toward the facility fee were sold by TCA and it realized net proceeds of approximately $48,000. In March 2013, the Company elected to pay the remaining facility fee in cash.

Registration Rights Agreement

On June 12, 2012, the Company finalized the Registration Rights Agreement with TCA. Pursuant to the terms of the Registration Rights Agreement, the Company is obligated to file a registration statement (the "Registration Statement") with the U.S. Securities and Exchange Commission (the "SEC') to cover the Registrable Securities. The Company must use its commercially reasonable efforts to cause the Registration Statement to be declared effective by the SEC. The Registration Statement on Form S-1 was filed by the Company with the SEC in March 2013 and was declared effective by the SEC in April 2013.

Termination of Committed Equity Facility Agreement and Registration Rights Agreement

In March 2014, the Company and TCA agreed to terminate the Committed Equity Facility Agreement and Registration Rights Agreement with no further obligations to each other. A total of 8,000 shares were sold pursuant to the Facility Agreement. On April 22, 2014, the Company removed from registration the unsold 4,992,000 shares of Common Stock.

NOTE 14: COMMON STOCK PURCHASE AGREEMENT

On March 31, 2014, we entered into a common stock purchase agreement (referred to herein as the “Purchase Agreement”), with Aspire Capital Fund, LLC, an Illinois limited liability company (referred to herein as “Aspire Capital”), which provides that, upon the terms and subject to the conditions and limitations set forth therein, Aspire Capital is committed to purchase up to an aggregate of $15.0 million of our shares of common stock over the approximately 24-month term of the Purchase Agreement. In consideration for entering into the Purchase Agreement, concurrently with the execution of the Purchase Agreement, we issued to Aspire Capital 1,000,000 shares of our common stock as a commitment fee (referred to in herein as the “Commitment Shares”). Upon execution of the Purchase Agreement, we sold to Aspire Capital 1,000,000 shares of common stock (referred to herein as the “Initial Purchase Shares”). Concurrently with entering into the Purchase Agreement, we also entered into a registration rights agreement with Aspire Capital (referred to herein as the “Registration Rights Agreement”), in which we agreed to file one or more registration statements as permissible and necessary to register under the Securities Act of 1933, as amended, or the Securities Act, the sale of the shares of our common stock that have been and may be issued to Aspire Capital under the Purchase Agreement.

Pursuant to the Purchase Agreement and the Registration Rights Agreement, we were obligated to register 15,000,000 shares of our Common Stock under the Securities Act, which includes the Commitment Shares and Initial Purchase Shares that have already been issued to Aspire Capital and an additional 13,000,000 shares of Common Stock which we may issue to Aspire Capital after the registration statement is declared effective under the Securities Act. Said Registration Statement was declared effective by the SEC on April 28, 2014.

Since April 28, 2014, the effective date of our Registration Statement, on any trading day on which the closing sale price of our Common Stock exceeds $0.16, we have the right, in our sole discretion, to present Aspire Capital with a purchase notice (each, a “Purchase Notice”), directing Aspire Capital (as principal) to purchase up to 200,000 shares of our Common Stock per trading day, provided that the aggregate price of such purchase shall not exceed $250,000 per trading day, up to $15.0 million of our Common Stock in the aggregate at a per share price (the “Purchase Price”) calculated by reference to the prevailing market price of our Common Stock (as more specifically described below).

In addition, on any date on which we submit a Purchase Notice for 200,000 shares to Aspire Capital and the closing sale price of our stock is equal to or greater than $0.50 per share of Common Stock , we also have the right, in our sole discretion, to present Aspire Capital with a volume-weighted average price purchase notice (each, a “VWAP Purchase Notice”) directing Aspire Capital to purchase an amount of stock equal to up to 30% of the aggregate shares of the Company’s common stock traded on the OTCQB on the next trading day (the “VWAP Purchase Date”), subject to a maximum number of shares we may determine (the “VWAP Purchase Share Volume Maximum”) and a minimum trading price (the “VWAP Minimum Price Threshold”) (as more specifically described below). The purchase price per Purchase Share pursuant to such VWAP Purchase Notice (the “VWAP Purchase Price”) is calculated by reference to the prevailing market price of our common stock (as more specifically described below).

The Purchase Agreement provides that the Company and Aspire Capital shall not affect any sales under the Purchase Agreement on any purchase date where the closing sale price of our common stock is less than $0.16 per share (the "Floor Price"). This Floor Price and the respective prices and share numbers in the preceding paragraphs shall be appropriately adjusted for any reorganization, recapitalization, non-cash dividend, stock split, reverse stock split or other similar transaction. There are no trading volume requirements or restrictions under the Purchase Agreement, and we will control the timing and amount of any sales of our common stock to Aspire Capital. Aspire Capital has no right to require any sales by us, but is obligated to make purchases from us as we direct in accordance with the Purchase Agreement. There are no limitations on use of proceeds, financial or business covenants, restrictions on future fundings, rights of first refusal, participation rights, penalties or liquidated damages in the Purchase Agreement. The Purchase Agreement may be terminated by us at any time, at our discretion, without any penalty or cost to us.

NOTE 15: SUBSEQUENT EVENTS

In July 2014, the Company sold 2,000,000 shares of its Common Stock and five-year warrants to purchase 1,000,000 shares of Common Stock, exercisable at $1.00 per share at an aggregate purchase price of $1,000,000. Exemption from registration is claimed under Section 4(2) of the Securities Act of 1933, as amended.

In July 2014, the Company commenced an offering pursuant to which the Company is offering to sell its convertible notes and warrants. The Company has raised $250,000 pursuant to this Offering which is ongoing as of the date of this form 10-Q.

The Company recently filed a form 8-k containing a joint press release. In such release Simon Property Group annouced the expansion of our agreement into additional malls.

The Company has evaluated all subsequent events through the filing date of this Form 10-Q for appropriate accounting and disclosures.

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

FORWARD-LOOKING STATEMENTS

The information contained in this Form 10-Q and documents incorporated herein by reference are intended to update the information contained in the Company's Form 10-K for its fiscal year ended December 31, 2013 which includes our audited financial statements for the year ended December 31, 2013 and such information presumes that readers have access to, and will have read, the "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Risk Factors" and other information contained in such Form 10-K and other Company filings with the Securities and Exchange Commission ("SEC").

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. These forward-looking statements involve risks and uncertainties, and actual results could be significantly different than those discussed in this Form 10-Q. Certain statements contained in Management's Discussion and Analysis, particularly in "Liquidity and Capital Resources," and elsewhere in this Form 10-Q are forward-looking statements. These statements discuss, among other things, expected growth, future revenues and future performance. Although we believe the expectations expressed in such forward-looking statements are based on reasonable assumptions within the bounds of our knowledge of our business, a number of factors could cause actual results to differ materially from those expressed in any forward-looking statements, whether oral or written, made by us or on our behalf. The forward-looking statements are subject to risks and uncertainties including, without limitation, the following: (a) changes in levels of competition from current competitors and potential new competition, (b) possible loss of customers, and (c) the company's ability to attract and retain key personnel, (d) The Company's ability to manage other risks, uncertainties and factors inherent in the business and otherwise discussed in this 10-Q and in the Company's other filings with the SEC. The foregoing should not be construed as an exhaustive list of all factors that could cause actual results to differ materially from those expressed in forward-looking statements made by us. All forward-looking statements included in this document are made as of the date hereof, based on information available to the Company on the date thereof, and the Company assumes no obligation to update any forward-looking statements.

Company Overview

Mobiquity Technologies, Inc. is an advertising technology (Ad Tech) company focusing on connecting Fans (consumers) and Brands through a single platform utilizing real-time location based solutions to deliver contextually relevant data, messaging and content.. Mobiquity leverages leading edge mobile technologies including Bluetooth (Push & Beacon BLE), Wi-Fi, NFC (Near Field Communications) and QR (Quick Response) code and employs propriety devices through retail environments to build physical networks. Assets are managed in a single platform creating a new class of consumer engagement and data intelligence.

Our wholly-owned subsidiary, Ace Marketing, Inc., changed its name to Ace Marketing & Promotions, Inc. in September 2013 when our parent corporation, Mobiquity Technologies, Inc. changed its name from Ace Marketing & Promotions, Inc. to its current name. Our subsidiary, Ace, is an Integrated Marketing Company focused on marketing process analysis and technology-based growth acceleration strategies. Ace offers Brand Analysis & Development, Website Analysis & Development, Database Analysis & Building, and Integrated Marketing Campaigns using: direct mail, email marketing, mobile marketing, promotional products and other mediums that help its clients connect with their customers and acquire new business.

Critical Accounting Policies

Our discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with generally accepted accounting principles in the United States. The preparation of financial statements requires management to make estimates and disclosures on the date of the financial statements. On an on-going basis, we evaluate our estimates including, but not limited to, those related to revenue recognition. We use authoritative pronouncements, historical experience and other assumptions as the basis for making judgments. Actual results could differ from those estimates. We believe that the following critical accounting policies affect our more significant judgments and estimates in the preparation of our financial statements.

REVENUE RECOGNITION - Revenue is recognized when title and risk of loss transfers to the customer and the earnings process is complete. In general, title passes to our customers upon the customer's receipt of the merchandise. Revenue is recognized on a gross basis since the Company has the risks and rewards of ownership, latitude in selection of vendors and pricing, and bears all credit risk. Advance payments made by customers are included in customer deposits.

ALLOWANCE FOR DOUBTFUL ACCOUNTS. We are required to make judgments based on historical experience and future expectations, as to the realizability of our accounts receivable. We make these assessments based on the following factors: (a) historical experience, (b) customer concentrations, customer credit worthiness, (d) current economic conditions, and (e) changes in customer payment terms.

ACCOUNTING FOR STOCK BASED COMPENSATION. Stock based compensation cost is measured at the grant date fair value of the award and is recognized as expense over the requisite service period. The Company uses the Black-Sholes option-pricing model to determine fair value of the awards, which involves certain subjective assumptions. These assumptions include estimating the length of time employees will retain their vested stock options before exercising them (“expected term”), the estimated volatility of the Company’s common stock price over the expected term (“volatility”) and the number of options for which vesting requirements will not be completed (“forfeitures”). Changes in the subjective assumptions can materially affect estimates of fair value stock-based compensation, and the related amount recognized on the consolidated statements of operations.

Plan of Operation

The Company has evolved from an integrated marketing company to an advertising technology company. Through an increase in both physical and human resources, the Company believes it has built an infrastructure that Management believes is ready to achieve significant revenues through the deployment of its Mobi-Units and Mobi-Beacons as described in “Business.” In this respect, our mall network is expanding from 100 malls to approximately 265 and we have increased our employment base and technical staff to 27 employees. In 2013, we upgraded our technology through the improvements offered by Bluetooth 4.0 LE in our Mobi-beacons. The Company has restructured itself into two operating divisions, namely Ace Marketing and Mobiquity Networks. In 2013, the Company acquired its licensed technology from FuturLink, a transaction at a cost of approximately $160,000 which should substantially reduce the cost of our Mob-Units as they are deployed in malls and other retail locations. Management believes that the foregoing measures should lead to additional sales and increase shareholder value, although no assurances can be given in this regard.

The Company anticipates continuing to rely on external financing from sales of its common stock to support its operations until cash flow from operations has a positive impact on operations, although no assurances can be given in this regard.

RESULTS OF OPERATIONS

The following table sets forth certain selected unaudited condensed statement of operations data for the periods indicated in dollars and as a percentage of total net revenues. The following discussion relates to our results of operations for the periods noted and is not necessarily indicative of the results expected for any other interim period or any future fiscal year. In addition, we note that the period-to-period comparison may not be indicative of future performance.

	Three Months Ended June 30	
	2014	2013
Revenue	$928,530	$975,368
Cost of Revenues	$743,496	$636,622
Gross Profit	$185,034	$338,746
Selling, General and Administrative Expenses	$2,090,199	$2,026,558
(Loss) from Operations	$(1,905,165)	$(1,687,812)

We generated revenues of $928,530 in the second quarter of 2014 compared to $975,368 in the same three month period ending June 30, 2013. Reduced revenues of $46,838 in 2014 compared to 2013 was due to our increased efforts of our sales and marketing forces in readying our Mobiquity activities. In the balance of 2014, we anticipate our revenues increasing in our Mobiquity Networks subsidiary due to the implementation of our Mobi-Beacons an the expectation of more advertisers utilizing our mall network.

Cost of revenues was $743,496 or 80.0% of revenues in the second quarter of 2014 compared to $636,662 or 65.3% of revenues in the same three months of 2013. Cost of revenues includes purchases and freight costs associated with the shipping of merchandise to our customers. The change in cost of revenues of $106,874 in 2014 is related to volume and product mix of the products our customers purchased.

Gross profit was $185,034 in the second quarter of 2014 or 20.0% of net revenues compared to $338,746 in the same three months of 2013 or 34.7% of revenues. Gross profits will vary period-to-period depending upon a number of factors including the mix of items sold and the volume of product sold. Also, it is our practice to pass freight costs on to our customers with low to no profit margin. As advertising revenue from the use of our Mobiquity devices increases, it is expected that our margins will increase significantly. At the current time, revenues from the use of our Mobiquity devices are not a material portion of our consolidated revenues.

Selling, general, and administrative expenses were $2,090,199 in the second quarter of 2014 compared to $2,026,558 in the same three months of 2013, an increase of approximately 63,600. Such operating costs include payroll and related expenses, commissions, insurance, rents, professional (consulting) and public awareness fees. The majority of the increase in operating expenses pertains to the non-cash issuance of stock based compensation of $551,142.

The second quarter 2014 loss from operations was $(1,905,165) as compared to $(1,687,812) for the comparable period of the prior year, an increased loss of $217,353. The increase in operating loss is attributable to the focused effort in creating the infrastructure required to move forward with the mall network, and the hiring of additional Company personnel to provide information technology support, sales and office employees.

No benefit for income taxes is provided for in the reported periods due to the full valuation allowance on the net deferred tax assets. Our ability to be profitable in the future is dependent upon both a turnaround in the United States economy and the successful introduction and usage of our proximity marketing services and Venn Media services by our clients.

	Six Months Ended June 30	
	2014	2013

Revenue	$1,559,351	$1,595,093
Cost of Revenues	$1,249,378	$1,211,388
Gross Profit	$309,973	$383,705
Selling, General and Administrative Expenses	$4,553,137	$3,261,959
(Loss) from Operations	$(4,243,164)	$(2,878,254)

We generated revenues of $1,559,351 in the first six months of 2014 compared to $1,595,093 in the same six month period ending June 30, 2013. Reduced revenues of $35,742 in 2014 compared to 2013 was due to our increased efforts of promoting our Mobiquity Networks technology division. In the balance of 2014, we anticipate our revenues increasing in our Mobiquity Networks subsidiary due to the implementation of our Mobi-Beacons and the expectation that more advertisers will be utilizing our mall network.

Cost of revenues was $1,249,378 or 80.0% of revenues in the first six months of 2014 compared to $1,211,388 or 76.0% of revenues in the same six months of 2013. Cost of revenues includes purchases and freight costs associated with the shipping of merchandise to our customers. The change in cost of revenues of $37,990 in 2014 is related to volume and product mix of the products our customers purchased.

Gross profit was $309,973 in the first six months of 2014 or 20.0% of net revenues compared to $338,705 in the same six months of 2013 or 24.0% of revenues. Gross profits will vary period-to-period depending upon a number of factors including the mix of items sold and the volume of product sold. Also, it is our practice to pass freight costs on to our customers with low to no profit margin. As advertising revenue from the use of our Mobiquity devices increases, it is expected that our margins will increase significantly. Due to the expansion efforts and infrastructure requirements, at the current time, revenues from the use of our Mobiquity devices are not a material portion of our consolidated revenues.

Selling, general, and administrative expenses were $4,553,137 in the first six months of 2014 compared to $3,261,959 in the same six months of 2013, an increase of approximately 1,291,000. Such operating costs include payroll, $315,965 and related expenses, commissions, insurance, rents, professional (consulting) and public awareness fees. The majority of the increase in operating expenses pertains to the non-cash issuance of stock based compensation of $590,552, additional $199,702 in rent expense for our Mobiquity segment for additional malls located in the United Sataes.

The first six months of 2014 loss from operations was $(4,243,164) as compared to $(2,878,254) for the comparable period of the prior year, an increased loss of $1,364,910. The increase in operating losses is attributable to the non-cash issuance of stock based compensation, rents and additional hiring of staff to support the Mobiquity segment of our Company.

No benefit for income taxes is provided for in the reported periods due to the full valuation allowance on the net deferred tax assets. Our ability to be profitable in the future is dependent upon both a turnaround in the United States economy and the successful introduction and usage of our proximity marketing services and Venn Media services by our clients.

Liquidity and Capital Resources

The Company had cash and cash equivalents of $1,730,903 at June 30, 2014. Cash used in operating activities for the six months ended June 30, 2014 was $2,516,279. This resulted primarily from a net loss of $4,267,719, offset by stock based compensation of $1,642,194,a decrease in accounts receivable of $61,831 and an increase in Inventory of $96,140, decrease in prepaid expenses and other assets of $5,720 and a increase of accounts payable and accrued expenses of $53,225. The Company had an increase in investing activities of $17,607 with the purchase of equipment. Cash flow from financing activities of $2,523,800 resulted from the proceeds from the issuance of the Company's Common Stock and Warrants to purchase additional shares of Common Stock.

The Company had cash and cash equivalents of $2,309,902 at June 30, 2013. Cash used in operating activities for the six months ended June 30, 2013 was $1,861,905. This resulted primarily from a net loss of $2,939,070, offset by stock based compensation of $1,051,642,a decrease in accounts receivable of $56,755 and an increase in prepaid expenses and other assets of $160,510 and a decrease of accounts payable and accrued expenses of $33,488. The Company had an increase in investing activities of $11,290 with the purchase of equipment. Cash flow from financing activities of $3,820,499 resulted from the proceeds from the issuance of the Company's Common Stock and Warrants to purchase additional shares of Common Stock.

Our Company commenced operations in 1998 and was initially funded by our three founders, each of whom has made demand loans to our Company that have been repaid. Since 1999, we have relied primarily on equity financing from outside investors to supplement our cash flow from operations.

We anticipate that our future liquidity requirements will arise from the need to finance our accounts receivable and inventories, hire additional sales persons, capital expenditures and possible acquisitions. The primary sources of funding for such requirements will be cash generated from operations, raising additional capital from the sale of equity or other securities and borrowings under debt facilities which currently do not exist. We believe that we can generate sufficient cash flow from these sources to fund our operations for at least the next twelve months. In the event we should need additional financing, we can provide no assurances that we will be able to obtain financing on terms satisfactory to us, if at all.

Recent Financings

During 2013, the Company raised $5,562,816 in gross proceeds from the sale of its Common Stock at $.30 per share. Pursuant to said offering, the Company sold 19,125,006 shares of its Common Stock and Class BB Warrants to purchase 9,562,503 shares of Common Stock exercisable at $.50 per share through December 15, 2017. A total of $150,000 of commissions was paid to a licensed member of FINRA together with Warrants to purchase 625,000 shares. Exemption from registration for the sale of the aforementioned securities is claimed under Rule 506 of Regulation D promulgated pursuant to Section 4(2) of the Securities Act of 1933, as amended. Thomas Arnost, Sean Trepeta and Sean McDonnell, officers and directors of the Company, purchased $200,000, $90,000 and $50,000, respectively, of securities pursuant to said offering.

Between January 1, 2014 and the date of this report, the Company has raised gross proceeds of $2,160,300 from the sale of its Common Stock (including $175,000 of the stock subscription receivables) at $.30 per share. In connection with this private placement offering, the Company has issued 7,201,000 shares of Common Stock and Class BB Warrants to purchase 3,600,500 shares of Common Stock at an exercise price of $.50 per share through December 15, 2017.

On March 31, 2014, the Company raised gross proceeds of $500,000 from the sale of 1,000,000 shares of its restricted Common Stock pursuant to a Purchase Agreement with Aspire Capital. The Company also issued a commitment fee of 1,000,000 shares in connection with the Purchase Agreement.

Entry into an Agreement with Aspire Capital

On March 31, 2014, we entered into a common stock purchase agreement (referred to herein as the “Purchase Agreement”), with Aspire Capital Fund, LLC, an Illinois limited liability company (referred to herein as “Aspire Capital”), which provides that, upon the terms and subject to the conditions and limitations set forth therein, Aspire Capital is committed to purchase up to an aggregate of $15.0 million of our shares of common stock over the approximately 24-month term of the Purchase Agreement. In consideration for entering into the Purchase Agreement, concurrently with the execution of the Purchase Agreement, we issued to Aspire Capital 1,000,000 shares of our common stock as a commitment fee (referred to in herein as the “Commitment Shares”). Upon execution of the Purchase Agreement, we sold to Aspire Capital 1,000,000 shares of common stock (referred to herein as the “Initial Purchase Shares”). Concurrently with entering into the Purchase Agreement, we also entered into a registration rights agreement with Aspire Capital (referred to herein as the “Registration Rights Agreement”), in which we agreed to file one or more registration statements as permissible and necessary to register under the Securities Act of 1933, as amended, or the Securities Act, the sale of the shares of our common stock that have been and may be issued to Aspire Capital under the Purchase Agreement.

Pursuant to the Purchase Agreement and the Registration Rights Agreement, we were obligated to register 15,000,000 shares of our Common Stock under the Securities Act, which includes the Commitment Shares and Initial Purchase Shares that have already been issued to Aspire Capital and an additional 13,000,000 shares of Common Stock which we may issue to Aspire Capital after the registration statement is declared effective under the Securities Act. Said Registration Statement was declared effective by the SEC on April 28, 2014.

Since April 28, 2014, the effective date of our Registration Statement, on any trading day on which the closing sale price of our Common Stock exceeds $0.16, we have the right, in our sole discretion, to present Aspire Capital with a purchase notice (each, a “Purchase Notice”), directing Aspire Capital (as principal) to purchase up to 200,000 shares of our Common Stock per trading day, provided that the aggregate price of such purchase shall not exceed $250,000 per trading day, up to $15.0 million of our Common Stock in the aggregate at a per share price (the “Purchase Price”) calculated by reference to the prevailing market price of our Common Stock (as more specifically described below).

In addition, on any date on which we submit a Purchase Notice for 200,000 shares to Aspire Capital and the closing sale price of our stock is equal to or greater than $0.50 per share of Common Stock , we also have the right, in our sole discretion, to present Aspire Capital with a volume-weighted average price purchase notice (each, a “VWAP Purchase Notice”) directing Aspire Capital to purchase an amount of stock equal to up to 30% of the aggregate shares of the Company’s common stock traded on the OTCQB on the next trading day (the “VWAP Purchase Date”), subject to a maximum number of shares we may determine (the “VWAP Purchase Share Volume Maximum”) and a minimum trading price (the “VWAP Minimum Price Threshold”) (as more specifically described below). The purchase price per Purchase Share pursuant to such VWAP Purchase Notice (the “VWAP Purchase Price”) is calculated by reference to the prevailing market price of our common stock (as more specifically described below).

The Purchase Agreement provides that the Company and Aspire Capital shall not affect any sales under the Purchase Agreement on any purchase date where the closing sale price of our common stock is less than $0.16 per share (the “Floor Price”). This Floor Price and the respective prices and share numbers in the preceding paragraphs shall be appropriately adjusted for any reorganization, recapitalization, non-cash dividend, stock split, reverse stock split or other similar transaction. There are no trading volume requirements or restrictions under the Purchase Agreement, and we will control the timing and amount of any sales of our common stock to Aspire Capital. Aspire Capital has no right to require any sales by us, but is obligated to make purchases from us as we direct in accordance with the Purchase Agreement. There are no limitations on use of proceeds, financial or business covenants, restrictions on future fundings, rights of first refusal, participation rights, penalties or liquidated damages in the Purchase Agreement. The Purchase Agreement may be terminated by us at any time, at our discretion, without any penalty or cost to us.

Entry into a Secured Promissory Note

In June 2012, the Company issued a convertible promissory note in the principal amount of $350,000 to TCA Global Credit Master Fund, an institutional lender, secured by all of the assets of the Company. In December 2012, Thomas Arnost, a director of Mobiquity, purchased from TCA Global Credit Master Fund, the Company’s outstanding convertible promissory note in the amount of $350,000. Subsequently, Mr. Arnost and the Company agreed to fix the conversion price of the note at $.30 per share, extend the due date of the Note to December 12, 2014, subject to Mr. Arnost’s right to call the note at any time in his sole discretion, and increase the interest rate to 15% per annum. The Company has the right to prepay the note, subject to Mr. Arnost’s right of conversion.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, foreign currency exchange rates and commodity prices. Our primary exposure to market risk is interest rate risk associated with our short term money market investments. The Company does not have any financial instruments held for trading or other speculative purposes and does not invest in derivative financial instruments, interest rate swaps or other investments that alter interest rate exposure. The Company does not have any credit facilities with variable interest rates.

ITEM 4. CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures, which are designed to ensure that information required to be disclosed in the reports we file or submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms, and that such information is accumulated and communicated to our management, including our CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

Under the supervision and with the participation of our management, including our CEO and CFO, an evaluation was performed on the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this quarterly report. Based on that evaluation, our management, including our CEO and CFO, concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report.

There were no changes in the Company’s internal controls over financial reporting during the most recently completed fiscal quarter that have materially affected or are reasonably likely to materially affect the Company’s internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

As of the filing date of this Form 10-Q, we are not a party to any pending legal proceedings.

ITEM 1A. RISK FACTORS

As a Smaller Reporting Company as defined Rule 12b-2 of the Exchange Act and in item 10(f)(1) of Regulation S-K, we are electing scaled disclosure reporting obligations and therefore are not required to provide the information requested by this Item 1A.

ITEM 2. CHANGES IN SECURITIES.

(a) From January 1, 2014 through June 30, 2014, we had no sales or issuances of unregistered common stock, except we made sales or issuances of unregistered securities listed in the table below:

Date of Sale	**Title of Security**	**Number Sold**	**Consideration Received and Description of Underwriting or Other Discounts to Market Price or Convertible Security, Afforded to**	**Exemption from Registration Claimed**	**If Option, Warrant or Convertible Security, terms of exercise or conversion**

			Purchasers		
Jan. – March 2014	Common Stock and Class BB Warrants	7,201,000 shares and 3,600,500 warrants	$2,160,300; no cash compensation was paid.	Rule 506	Warrants exercisable at $.50 per share through December 15, 2017
February 2014	Common Stock	350,000 shares	Services rendered; no commissions paid	Section 4(2)	Not applicable
March 2014	Common Stock Warrants	700,000 shares (2)	Services rendered; no commissions paid	Section 4(2)	Not applicable
March 2014	Common Stock	2,000,000 shares (1)	$500,000; no commissions paid	Section 4(2)	Not applicable
April 2014	Common Stock Warrants	1,000,000 warrants	Services rendered	Section 4(2)	Five-year warrant exercisable at $.55 per share through April 2019
May 2014	Common Stock	34,000 shares	Services rendered, no commissions paid	Section 4(2)	Not applicable

(1) The Company entered into a Common Stock Purchase Agreement with Aspire Capital. The Company received $500,000 at $.50 per share as an initial purchase of shares pursuant to said agreement. An additional 1,000,000 shares were issued as a commitment fee. Said 2,000,000 shares were initially issued as restricted shares but were subsequently registered for resale pursuant to a Registration Statement effective April 28, 2014.

(2) Does not include 150,000 shares of restricted Common Stock earned pursuant to the consulting agreement, but issuable on April 1, 2014 in exchange for services rendered.

(b) Rule 463 of the Securities Act is not applicable to the Company.

(c) In the six months ended June 30, 2014, there were no repurchases by the Company of its Common Stock.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

ITEM 5. OTHER INFORMATION.

Not applicable.

ITEM 6. EXHIBITS.

Exhibit No.	Description
3.1	Certificate of Incorporation filed March 26, 1998 (1)
3.2	Amendment to Certificate of Incorporation filed June 10, 1999 (1)
3.3	Amendment to Certificate of Incorporation approved by stockholders on February 9, 2005(1)
3.4	Amendment to Certificate of Incorporation dated September 11, 2008 (11)
3.5	Amendment to Certificate of Incorporation dated October 7, 2009 (11)
3.6	Amendment to Certificate of Incorporation dated May 18, 2012 (11)
3.7	Amendment to Certificate of Incorporation dated September 10, 2013 (17)
10.1	Employment Agreement - Michael Trepeta (2)
10.2	Employment Agreement - Dean Julia (2)
10.3	Amendments to Employment Agreement - Michael Trepeta (5)(7)
10.4	Amendments to Employment Agreement - Dean L. Julia (5)(7)
10.5	Joint Venture Agreement with Atrium Enterprises Ltd. (6)
10.6	Agreement with Aon Consulting (6)
10.7	Amendment to Exhibits 10.3 and 10.4 dated April 7, 2010 (10)
10.8	Office Lease for Garden City, NY (11)
10.9	Amendment to Employment Agreement – Dean L. Julia (11)
10.10	Amendment to Employment Agreement – Michael D. Trepeta (11)
10.11	Convertible Promissory Note (12)

10.12	Registration Rights Agreement dated June 12, 2012 by and between the Company and TCA (13)
10.13	Equity Agreement dated June 12, 2012 by and between the Company and TCA (13)
10.14	Amendment to Dean L. Julia's Employment Agreement (16)
10.15	Amendment to Michael D. Trepeta's Employment Agreement (16)
10.16	Common Stock Purchase Agreement with Aspire Capital (18)
10.17	Termination of TCA Registration Rights Agreement and Equity Agreement (18)
11.1	Statement re: Computation of per share earnings. See Statement of Operations and Notes to Financial Statements
14.1	Code of Ethics/Code of Conduct (15)
21.1	Subsidiaries of the Issuer (15)
31.1	Co-Principal Executive Officer Rule 13a-14(a)/15d-14(a) Certification *
31.2	Co-Principal Executive Officer Rule 13a-14(a)/15d-14(a) Certification *
31.3	Principal Financial Officer Rule 13a-14(a)/15d-14(a) Certification *
32.1	Co-Principal Executive Officer Section 1350 Certification *
32.2	Co-Principal Executive Officer Section 1350 Certification *
32.3	Principal Financial Officer Section 1350 Certification *

99.7	Form of Class D Warrant (3)
99.8	Form or Class E Warrant(9)
99.9	Form of Class F Warrant (9)
99.10	Form of Class G Warrant (9)
99.11	Form of Class H Warrant (9)
99.12	Form of Class AA Warrant (11)
99.13	Form of Class BB Warrant (11)
101.SCH	Document, XBRL Taxonomy Extension (*)
101.CAL	Calculation Linkbase, XBRL Taxonomy Extension Definition (*)
101.DEF	Linkbase, XBRL Taxonomy Extension Labels (*)
101.LAB	Linkbase, XBRL Taxonomy Extension (*)
101.PRE	Presentation Linkbase (*)

* Filed herewith.

(1) Incorporated by reference to Registrant's Registration Statement on Form 10-SB as filed with the Commission on February 10, 2005.
(2) Incorporated by reference to Registrant's Registration Statement on Form 10-SB/A filed with the Commission March 18, 2005.
(3) Incorporated by reference to Form 10-K filed for the fiscal year ended December 31, 2009.
(4) Incorporated by reference to the Registrant's Form 10-QSB/A filed with the Commission on August 18, 2005.
(5) Incorporated by reference to the Registrant's Form 10-KSB for its fiscal year ended December 31, 2005.
(6) Incorporated by reference to the Registrant's Form 10-KSB for its fiscal year ended December 31, 2006.
(7) Incorporated by reference to the Registrant's Form 8-K dated September 21, 2007.
(8) Incorporated by reference to the Registrant's Form 10-QSB for its quarter ended September 30, 2006.
(9) Incorporated by reference to the Registrant's Form 10-K for its fiscal year ended December 31, 2010.
(10) Incorporated by reference to the Registrant's Form 10-Q for the quarter ended June 30, 2011.
(11) Incorporated by reference to the Registrant's Form 10-K for its fiscal year ended December 31, 2012.

(12) Incorporated by reference to the Registrant's Form 8-K dated June 14, 2012.

(13) Incorporated by reference to the Registrant's Form 8-K dated June 15, 2012.

(14) Incorporated by reference to the Registrant's Form 8-K dated June 6, 2013.

(15) Incorporated by reference to the Registrant's Form 10-K for its fiscal year ended December 31, 2013.
(16) Incorporated by reference to Form 8-K filed June 6, 2013.

(17) Incorporated by reference to Form 8-K filed September 11, 2013.

(18) Incorporated by reference to Form 8-K filed April 1, 2014.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

	MOBIQUITY TECHNOLOGIES, INC.
Date: August 13, 2014	By: /s/ Dean L. Julia Dean L. Julia, Co-Principal Executive Officer
Date: August 13, 2014	By: /s/ Michael D. Trepeta Michael D. Trepeta, Co-Principal Executive Officer
Date: August 13, 2014	By: /s/ Sean McDonnell Sean McDonnell, Principal Financial Officer