

Mobiquity Technologies, Inc.  
Form 10-K  
March 30, 2016

MOBIQUITY TECHNOLOGIES, INC.

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

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 (I.R.S. Employee

incorporation or organization) Identification Number)

600 Old Country Road, STE 541, Garden City, NY 11530  
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (516) 256-7766

Securities registered pursuant to Section 12 (b) of the Act: None  
Securities registered pursuant to Section 12 (g) of the Act: Common Stock, \$.0001 Par Value

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.  
Yes o No

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Check whether the Registrant is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act.

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

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

Indicate by check mark if disclosure of delinquent filers in response to Item 405 of Regulation S-K is not contained in this form, and no disclosure will be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in part III of this Form 10-K or any amendment to this Form 10-K .

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company as defined by Rule 12b-2 of the Exchange Act: smaller reporting company .

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  
Yes  No

As of June 30, 2015, the number of shares of Common Stock held by non-affiliates was approximately 65,700,000 shares based upon 74,700,562 shares of Common Stock outstanding. The approximate market value based on the last sale (i.e. \$.25 per share as of June 30, 2015) of the Company's Common Stock was approximately \$16,425.

The number of shares outstanding of the Registrant's Common Stock, as of March 26, 2016 was 79,125,928.

## FORWARD-LOOKING STATEMENTS

We believe this annual report contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are subject to risks and uncertainties and are based on the beliefs and assumptions of our management, based on information currently available to our management. When we use words such as "believes," "expects," "anticipates," "intends," "plans," "estimates," "should," "likely" or similar expressions, we are making forward-looking statements. Forward-looking statements include information concerning our possible or assumed future results of operations set forth under "Business" and/or "Management's Discussion and Analysis of Financial Condition and Results of Operations." Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions. Our future results and stockholder values may differ materially from those expressed in the forward-looking statements. Many of the factors that will determine these results and values are beyond our ability to control or predict. Stockholders are cautioned not to put undue reliance on any forward-looking statements. For those statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. For a discussion of some of the factors that may cause actual results to differ materially from those suggested by the forward-looking statements, please read carefully the information under "Risk Factors." In addition to the Risk Factors and other important factors discussed elsewhere in this annual report, you should understand that other risks and uncertainties and our public announcements and filings under the Securities Exchange Act of 1934, as amended could affect our future results and could cause results to differ materially from those suggested by the forward-looking statements.

*As used in this Form 10-K, the terms "we," "our," "us," "Mobiquity Technologies" or "the company" refer to Mobiquity Technologies and its subsidiaries, taken as a whole, unless the context otherwise requires it.*



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## Item 1. Business

Mobiquity Technologies, Inc., incorporated under the laws of the State of New York, owns and operates a national location-based mobile advertising network and have developed a consumer-focused proximity network which we believe is unlike any other in the United States. Our integrated suite of proprietary location based mobile advertising technologies allows clients to execute more personalized and contextually relevant experiences, driving brand awareness and incremental revenue in real-time.

Leveraging our agreements with Simon Property Group, Inc. (which we refer to herein as Simon or Simon Property), and Macerich Partnership, L.P. (which we refer to as “Macerich”), the number one and number three mall operators, respectively, in the U.S. in terms of number of Class A properties, we have installed our location-based mobile advertising solutions in the common areas of approximately 295 retail destinations across the U.S. to create “smart malls” using Bluetooth-enabled iBeacon compatible technology. As part of our plan to expand our mall footprint into the common areas of other malls, we recently have also added 57 malls including 30 malls operating by Rouse Properties TRS, Inc. (“Rouse”) and 27 malls operated by Preit Services, LLC, which we will refer to as “PREIT.” In December 2015, we entered into an agreement with GGPLP REIT Services, LLC (which we refer to as “GGP”), the second largest mall operator, to install our Mobi-Beacons in approximately 120 malls scheduled for 2Q 2016. We plan to further expand our mall footprint into the common areas of other malls and outside of malls with additional synergistic venues that will allow for cross marketing opportunities, including venues such as stadiums, arenas, additional college campuses, airports and retail chains. For example, we have entered into an agreement with the New York State University at Stony Brook to deploy a mobile advertising network in their new arena. This type of installation will enable fan engagement, cross-marketing opportunities, sponsorship activation and create interactive event experiences. This is our first installation in the university market.

We operate through our wholly-owned subsidiaries, Ace Marketing & Promotions, Inc. (which we refer to as “Ace Marketing”) and Mobiquity Networks, Inc. Ace Marketing is our legacy marketing and promotions business which provides integrated marketing services to our commercial customers. While Ace Marketing currently represents substantially all of our revenue, we anticipate that activity from Ace Marketing will represent a diminishing portion of corporate revenue as our attention is now principally focused on developing and executing on opportunities in our Mobiquity Networks business.

We believe that our Mobiquity Networks business represents our greatest growth opportunity going forward. We believe this business unit is well positioned as a result of our early mover status, exclusive agreements and novel technology integration to address a rapidly growing segment of the digital advertising market – location based mobile marketing. We expect that Mobiquity Networks will generate the majority of our revenue by the end of 2016 through our MOBI-Beacons Solutions, although no assurances can be given in this regard.

### **Mobiquity Hardware Solutions**

Our current Mobiquity hardware solution is deployed in retail locations (and in the future may be deployed at other venues such as stadiums, arenas, college campuses and airports) to create the Mobiquity network. Our hardware solutions is identified by us as, Mobi-Beacons.

Mobi-Beacons, which utilize Bluetooth LE 4.0 technology, can dramatically enhance the in-app experience through the use of hyper accurate location event data. Our Mobi-Beacons have been developed to meet or exceed all iBeacon and Eddystone standards. Our Mobi-Beacons have been deployed throughout our mall network system. Previously, the Company utilized Mobi-Units which utilized both Bluetooth and WiFi to communicate with all mobile devices. These devices are no longer in use.

By embedding our SDK (Software Development Kit) into an app, we give an advertiser access to the beacons in the network as well as the ability to run targeted campaigns triggered at precise locations and times. Once they receive the data analytics from our dashboard, they're armed with additional insights about their Shoppers and use the information for even more highly targeted campaigns on our own Mobile Ad Network but also when they run other campaigns through different channels like Online and email.



## **Our Single Integrated Platform**

Our Mobiquity Platform allows for the use of multiple sensory devices such as Bluetooth, Wi-Fi, Near Field Communication and Quick Response Codes in order to engage with nearly 100% of mobile device types. The platform also allows for plug-in solutions to be added to increase our service offerings and add complementary revenue streams. For example, in addition to our advertising network, numerous plug-ins can be added for services such as loyalty programs, indoor mapping and mobile payments. We have developed an online software platform that integrates the hardware and facilitates campaign management and reporting across the installed network. Our clients can use our network to deploy mobile ad campaigns simultaneously across multiple delivery methods, paying a fee per campaign delivered. Alternatively, clients can subscribe to our Location Signal Service to access real-time contextual beacon signals to drive localized in-app user activity. Management believes that no other competitive solution offers a platform that integrates the depth and range of mobile advertising tools combined with a nationally deployed hardware network.

A diagram of our basic network architecture is as follows:

The following graphic depicts a typical mall-shopper engagement from our customers' viewpoint:

Our Mobiquity Networks business monetizes its network by providing clients with access to our exclusive common-area beacon signals. By incorporating our software development kit (or SDK), the client app (or campaign-specific third party app) can access the beacon signals provided by our network, and leverage those signals plus the associated contextual information provided by our platform to trigger location-based campaign messaging. We plan to generate revenue several ways including by collecting a fee based on the delivery of our customer advertising campaigns, and licensing our location signals.

In order to expand our customer reach and potential app engagement, we have entered into agreements with numerous third party app publishers, including Moviefone, Snip-Snap The Coupons App and GeoOpons among others. In November 2014, we entered into a partnership agreement with Mobile Roadie, one of the largest mobile app and marketing platforms with clients in over 70 countries. By integrating the Mobiquity Networks SDK with the Mobile Roadie platform, Mobile Roadie clients will have the ability to add beacon campaigns to their existing mobile marketing applications, and will be able to leverage our public beacon network. Mobile Roadie has powered thousands of apps in the Apple App Store and Google Android Market. Mobile Roadie clients will be able to use their platform and our Mobi-Beacons to power the clients' own private networks in their respective locations. Our relationship with Mobile Roadie and its client base potentially brings significant additional reach to our advertisers. Additionally, the context provided by our network gives shoppers more value as their app experiences are made more expansive and relevant as they shop. Each Mobile Roadie app can potentially be an advertiser or publisher on our network. We are in discussions with numerous other third party app developers including social media apps, retailer apps, entertainment apps, gaming apps and shopping apps. We will continue to attempt to enter into agreements with other app publishers, as the more apps containing our SDK integration, the greater chance of triggering a beacon engagement for which we get compensated by the advertiser.

### **Our Agreement with Mall Property Owners/Managers and IBM**

#### *Simon Properties*

We entered into an initial agreement with Simon Property in April 2011. This agreement was amended in September 2013 and July 2014 to, among other things, significantly expand the number of Simon mall properties covered by the agreement across the United States to up to 240 malls. Pursuant to our agreement with Simon, we currently have the right, on an exclusive basis, to install Bluetooth proximity marketing equipment to send information across the air space of the common areas of our Simon mall network, which includes approximately 195 current Simon malls and 45 former Simon malls sold in the first quarter of 2016 to another mall manager (collectively hereinafter referred to as the "Simon Malls"). Under a master agreement and related agreements between us and Simon, Simon is entitled to receive fees from us equal to a minimum fee plus the greater of a pre-set, per mall fee or a percentage of revenues derived from within the Simon mall network as well as certain commission fees based on revenues generated through Simon's sales efforts. We believe that the revenue share in which Simon participates will exceed the minimum annual mall fees when revenues exceed approximately \$14 million dollars. The agreement provides for Simon to adjust the number of malls subject to the agreement from time to time based upon changes in its beneficial ownership interest in the malls. Our agreement with Simon requires us to maintain letters of credit for each calendar year under the agreement

represented by the minimum amount of fees due for such calendar year as well as certain levels of insurance. For 2015, the minimum fees of \$2.7 million has been secured through two bank letters of credit, one of which was issued in the amount of \$1,350,000 utilizing the funds of a non-affiliated stockholder and the second letter of credit was obtained in the same amount through the funds of Thomas Arnost, our Executive Chairman. In the event Simon draws down upon either letter of credit, we have until the next quarterly minimum payment due date (approximately 90 days) to obtain replacement letters of credit. Each person who secured our letters of credit has the opportunity to notify us that they wish to turn the cash funds securing the letters of credit over to us and to convert such funds into shares of our common stock. Also, each person who issued the letter of credit is receiving quarterly, while the letters of credit are outstanding, options to purchase 125,000 shares of common stock, exercisable at the prevailing market price per share on the date of grant and interest at the rate of 8% per annum on the monies that they have had to set aside in their bank accounts and are unable to have access to such monies. Our agreement with Simon expires on December 31, 2017. Our agreement with Simon is subject to earlier termination by either us or Simon only following a notice and cure period in the event of a material breach of the agreement.

*GGP*

In January 2016, we entered into a license agreement with GGP, with an effective date of November 20, 2015. Pursuant to our agreement with GGP, we shall install Mobi-Beacons to send information across the air space of the common areas of our GGP mall network, which will include approximately 120 malls across the United States. Our right to install our Mobi-Beacons to market and sell third party paid advertising in the interior common areas of these malls is exclusive, with defined limitations under the agreement. Under a license agreement between us and GGP currently covering about 120 malls, GGP is entitled to receive fees from us equal to a minimum fee plus the greater of a pre-set per mall fee or a percentage of revenues derived from within the GGP mall network as well as certain commission fees based on revenues generated through GGP's sales efforts. We believe that the revenue share in which GGP participates will exceed the minimum annual mall fees if we generate revenues within the GGP network of approximately \$10,000,000 million or more in a calendar year. The agreement also provides for GGP to adjust the number of malls subject to the agreement from time-to-time based upon changes in its beneficial ownership in the malls. Our agreement with GGP has a term of two years from April 1, 2016, but is subject to earlier termination with cause following a notice and cure period in the event of material breach of the agreement or operational failure.

*Macerich*

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

*IBM*

In April 2015, we entered into a Joint Initiative Agreement with IBM and enrolled as an IBM Business Partner through IBM's PartnerWorld program. We are teaming with IBM to deliver jointly developed solutions for

mall-based tenants, including retail clients. These solutions leverage the Mobiquity Networks beacon platform deployed exclusively in the common areas of our mall footprint across the United States, as well as our SDK which can be embedded within mall clients' mobile apps, to deliver relevant content in real time to shoppers' smart phones as they visit these malls. IBM has agreed to work with these clients to provide the analytics solutions needed to deliver personalized, one-on-one content to shoppers through our platform, and to help clients obtain insights from shopper transactions to drive improved customer experience and business performance. IBM services will also provide the integration capabilities needed to combine the Mobiquity Network platform in the mall common areas with the in-store server and network infrastructure, to optimize delivery of context-relevant content for the shopper. Together, our Joint Initiative Agreement with IBM can help their mall clients provide enhanced omni-channel marketing solutions and optimize business results. The agreement has an initial terms of two years and may be extended by agreement of the parties.

*PREIT*

Pursuant to a master agreement effective August, 2015, we entered into an agreement with PREIT pursuant to which we have the right to install our Mobi-Beacons to send information across the air space of the common areas of our PREIT mall network, which will include approximately 27 malls in select states in the United States. Our right to install our Mobi-Beacons to market and sell third party paid advertising in the interior common areas of these malls is exclusive. Under our agreement between us and PREIT, PREIT is entitled to an agreed upon revenue share over the four year term of the agreement. In the event the net revenue share as defined in the agreement is not attained for any measurement period, also as defined in the agreement, either party may terminate the agreement upon 90 days prior written notice. PREIT may also terminate the agreement if it determines that Mobiquity's installed equipment is not adequate and/or provides a negative user experience for the visitors to the PREIT malls. The agreement also provides for PREIT to adjust the number of malls subject to the agreement from time-to-time based upon changes in its beneficial ownership in the malls.

### *Rouse*

Pursuant to a master agreement entered into in 2015, we entered into an agreement with Rouse pursuant to which we have the right to install our Mobi-Beacons to send information across the air space of the common areas of our Rouse mall network, which will include approximately 30 malls in select states in the United States. Our right to install our Mobi-Beacons to market and sell third party paid advertising in the interior common areas of these malls is exclusive. Under our agreement between us and Rouse, Rouse is entitled to an agreed upon revenue share over the four-year term of the agreement. In the event the net revenue share as defined in the agreement is not attained for any measurement period, also as defined in the agreement, either party may terminate the agreement upon 90 days prior written notice. Either party may also terminate the agreement due to a material breach which is not cured within 30 days of written notice. Also, Rouse upon at least 60 days written notice to us prior to the end of the second contract year, may terminate the agreement with respect to any participating property for any reason at the end of the second contract year. The agreement also provides for Rouse to adjust the number of malls subject to the agreement from time-to-time based upon changes in its beneficial ownership in the malls.

### **The Mall Network**

Through our agreement with Simon, we have installed our Mobi-Beacons in about 195 of Simon's malls and 45 former Simon malls across the United States. We have installed our Mobi-Beacons in about 55 of Macerich's top malls 27 PREIT malls and 30 Rouse malls in select areas of the United States. We intend to install our Mobi-Beacons in about 120 GGP malls throughout the United States. Our agreements with Simon, Macerich and PREIT provide exclusive Bluetooth advertising rights in the common areas of each such malls. Our hardware solutions mesh together to create our network, which according to Simon, provides advertisers the opportunity to reach approximately 2.2 billion annual mall visits with mobile content and offers when they are most receptive to spending, while located in the Simon malls. The 2014 annual report for the International Council of Shopping Centers (ICSC) indicates that shoppers spend on average over \$97 per shopping mall visit in 2013, which represents over \$250 billion of annual spending. We believe our network provides advertisers the ability to influence a percentage of these shoppers who carry smartphones.

### **Mobiquity Advantages**

We believe our agreements with Simon, GGP, Macerich, Rouse and PREIT potentially provide us with an advantage over our competitors as it gives us a national network. Our technology allows us the opportunity to reach nearly 100% of mobile device types by utilizing our Mobi-Beacons integrated into a single platform. Our platform monitors and reports hardware activity in real time, manages campaigns, delivers highly targeted content and provides third party access to our Mobiquity network through our licensing of software development kits and the integration of an application program interface. Specifically as it relates to our lead service offering – Location Signals and Campaign Management via Beacons – campaigns require an app that has integrated our software development kit (SDK) in order

to engage with our network. The more apps that have integrated the Mobiquity SDK, the more opportunities to engage with mall shoppers in our network. We are carefully selecting app partners that have relevance to the mall shopping experience and to the mall shopper demographic. For example, the apps of retailers and brands are obvious partners. Additionally, we intend to partner with shopping apps such as coupon distribution platforms, and apps. We are in various stages of SDK integration with dozens of additional mobile app properties that represent tens of millions of active app users and in negotiations with various venues in regard to network expansion. Management believes that our ability to deliver a significant national audience via a single network is a significant advantage when creating app relationships.

## **Favorable Industry Trends**

We believe the demand for location based mobile marketing services represents a large and growing market opportunity. Consumers are increasingly using smartphones and, according to a December 2014 report by IAB Mobile Marketing Center of Excellence, 88% of consumer mobile internet time is spent in apps where we expect to derive the majority of our revenue. According to the blog Asymco, a ComScore survey on U.S. smartphones shows that the smartphone penetration rate in the U.S. at the end of 2013 was approximately 62.5%, representing 149 million users and is expected to grow to 90% penetration or approximately 230 million users by December 2016.

Importantly, according to eMarketer, mobile ad spending grew 83% from 2013 to 2014 and the trend is expected to continue as the share of advertising spend on mobile is still disproportionately small relative to the amount of time spent by consumers on their mobile devices. A 2014 report by leading venture capital firm Kleiner Perkins reported that 20% of media time is spent on mobile however mobile represented only 4% of total advertising spending share.

Despite the growth in e-commerce, 90% of all purchases are still made in traditional brick and mortar stores according to A.T. Kearney, and 75% of Americans visit a mall at least once a month according to JCDecaux. Smartphone devices were estimated to influence \$593 billion or 19% of in-store sales in 2013 and are expected to influence \$4.5 trillion or 81% of in-store sales by 2018 according to a survey commissioned by Deloitte Consulting LLP. According to a 2014 Holiday Shopping Recap by Adobe Digital Index, 54% of marketers currently use or plan to use beacons in the next 12 to deliver location based content. Finally, BI Intelligence estimates that beacon triggered messages will influence \$4.1 billion in store sales by the end of 2015, growing to \$44.4 billion by the end of 2016.

We believe these trends will help drive demand for our Mobiquity Networks business as consumers increasingly engage with advertising content on their mobile devices and marketers seek to increase both the share of advertising dollars spent on mobile as well as the use of location technologies to personalize content delivered to consumers.

## **Our Strategy**

Our goal is to enhance the shopper experience with retail customers by providing valuable and relevant content in real-time based on location. We achieve this goal by providing our customers (such as retailers, brands, and the entertainment industry) with a highly targeted form of mobile marketing engagement. Our platform enables interaction and advertising based on time, location and personalization to create the most effective campaigns/experiences possible, in a way that is not possible without our network. We connect customers to brands in the retail space by increasing individual retail location app usage and driving foot traffic to such individual retail locations. We have deployed our Mobi-Beacons to expand the capability of the Mobiquity network in approximately 240 Simon and former Simon malls, 55 Macerich malls, 30 Rouse malls and 27 PREIT malls across the United States and intend to



install the Mobi-Beacons in about 120 GGP malls by April 2016. As working capital permits, we intend to expand our sales and marketing human resource capability to focus on generating revenue over our network. Our sales and marketing team will be seeking to generate revenue over our network through five primary verticals:

- Retailers, brands and apps relevant to the shopping experience.
  
- Shopping/coupon related apps with relevant offers.
  
- Entertainment apps relevant to the shopper demographic.
  
- Advertising networks and exchanges serving location relevant ads.
  
- Data analytic and social media apps requesting real-time location based signal.

We plan to expand on our current footprint into the common areas of other mall operations as well as outside of the malls with additional synergistic venues that will allow for cross marketing opportunities. Such venues include but are not limited to: stadiums, arenas, college campuses, airports and retail chains. The purpose of this type of expansion will be to create a unified network that will allow relevant beacon companies the opportunity to become part of the Mobiquity network. They may find it advantageous to become part of our network, so they will have the ability to drive traffic into their stores. In the future, we may also build a private advertising exchange system that would allow for programmatic buying where advertisers will be given permission to engage with shoppers through the Mobiquity network. Additionally, we plan to add other mobile services and plug-ins such as; loyalty programs, attribution, indoor mapping, security and mobile payments.

## Sales and Marketing

As working capital permits, we intend to hire additional qualified sales and marketing personnel to generate revenue on our proximity mall network and to hire additional engineers, developers, computer and technology support personnel.

The key elements of our distribution and marketing strategy are as follows:

*Direct Sales.* Our internal salesforce will call on retailers, brands and relevant advertisers to advertise on the network.

*Resellers.* We intend to engage with third parties, such as technology consultants, integrators, advertising agencies and Demand-Side Providers (DSP) companies to sell advertising on the network.

*Publishers.* We intend to engage with app developers, ad networks, ad exchanges and other companies that have existing relationships with access to a large number of apps to increase our reach and provide an alternative to advertisers with limited app downloads or no app.

*Data Signals.* We intend to engage with social media companies, ad networks and ad exchanges to provide real-time location-based data to increase the relevance and value of their in-app ad serving.

*Data Platforms.* We intend to engage with data management companies to provide historical location-based data which will enable personalized online, offline and mobile campaigns to targeted audiences.

## Our Proprietary Technology

In March 2013, we formed Mobiquity Networks and Mobiquity Wireless in Spain. Mobiquity Wireless then acquired the assets of our then licensor, FuturLink. These assets include, without limitation, the FuturLink technology which consists of patent applications, source codes and trademark(s). The patent applications acquired related to the hardware and associated process for identifying and acquiring connections to mobile devices and the process for delivering select content to users on an opt-in basis. Additionally, significant “know how” was acquired with respect to managing remote hardware across a large physical network. As the technology owner, we will leverage the hardware and software included in our purchase to expand our mall-based footprint in the United States. We believe our acquisition of FuturLink’s technology and corresponding patent applications provided us with the flexibility and autonomy to improve, upgrade and integrate new ideas and cutting edge technologies into our existing platform. This

will allow us to evolve as new technologies emerge. To date, we have published for four patents and have one approved.

We believe that our intellectual property is a valuable asset to us as we move forward with our technology platform. Since we acquired this technology, we have further developed our ability to manage large networks of hardware to include beacon technology. Additionally, we have expanded campaign management tools to optimize them to meet the demands of our customers. We believe our intellectual property gives us a lead in the industry with respect to the sophisticated management of large-scale network deployments and campaign management. We believe that most beacon providers focus on single-store applications and are not capable of managing beacons across multiple locations, much less manage a public network that will be accessed by multiple advertisers versus a single retailer. Our network-focused platform approach is a key selling tool when presenting our capabilities to property owners, such as mall developers, who understand the challenge associated with managing a large number of hardware solutions across hundreds of properties.

## **Integrated Marketing Company**

Our subsidiary, Ace Marketing & Promotions, Inc. (or Ace Marketing), has historically represented substantially all of our operating revenues. Ace Marketing is an integrated marketing company focused on working with clients to grow their business. Ace Marketing's core business is to provide a wide range of quality promotional products to a wide range of corporate, non-profit and educational clients. In addition, Ace Marketing offers brand analysis and development, website analysis and development, database analysis and building, and integrated marketing campaigns using: direct mail, email marketing, mobile marketing, promotional products and other mediums that help our clients connect with their customers and acquire new business.

Although the majority of Ace Marketing's revenue is derived from the sale of promotional products, it is through the use of our four-step process supported by marketing technology platforms that allows us to attract and retain clients. The sale of promotional products alone can be considered a commodity business, so by offering our value-added services, we believe we have created a competitive advantage. We believe a client will be less likely to leave if we created their logo, built their website and/or appended their customer database.

Ace Marketing derives revenues from each of the following resources:

- Brand analysis and development.
- Website analysis and development.
- Database analysis and building.
- Integrated marketing solutions.

Substantially all of our resources and marketing efforts are dedicated toward deriving revenues from the operations of Mobiquity Networks.

## **Competition**

We compete in the advertising technology and location-based mobile marketing business and in all other facets of our business against small, medium and large companies throughout the United States. Some examples include companies such as Gimbal, Shopkick, Swirl and Estimote. Although we can give no assurance that our business will be able to compete against other companies with greater resources, we believe we have a competitive advantage with our mall

network, software and proprietary technology platform. As previously mentioned, we have the exclusive rights to provide Bluetooth advertising in the common area for Simon and other malls. This gives us the ability to compete with these other companies to provide in-store advertising, but they cannot compete with us in the common area of the malls as the mall operators prohibit the individual retail stores from sending proximity marketing signals and information beyond the perimeter of their retail store. . Our technology platform also allows us to integrate other companies' beacons onto our network. This means that if a retailer has already purchased beacons from a competitor, we still have the ability to work with them by integrating their beacons into our network and delivering mobile marketing campaigns.

With respect to our integrated marketing subsidiary, while our competition in this business vertical is extensive, we believe that this industry is extremely fragmented and that there are no companies that dominate the market in which we operate. We compete within the industry on the basis of service, competitive prices, personal relationships and competitive commissions to our sales representatives to sell promotional products for us rather than our competitors. Competitors' advantages over us may include better financing, greater experience, lower margins and better personal relationships than us.

## Employees

We have approximately 30 full time employees, including executive management, technical personnel, salespeople, and support staff employees. We also utilize several additional firms/persons who provide services to us on a non-exclusive basis as independent consultants.

## Item 1A. Risk Factors

*Investing in our common stock involves a high degree of risk. Before deciding to invest in our company or deciding to maintain or increase your investment, you should consider carefully the risks and uncertainties described below, together with all information in this Form 10-K, including our consolidated financial statements and related notes. If one or more of the following risks are realized, our business, financial condition, results of operations and prospects could be materially and adversely affected. In that event, the market price for our common stock could decline and you may lose your investment.*

### Risks Relating To Our Business

**We are dependent upon the immediate receipt of substantial additional financing to carry out our plan of operations and to meet our anticipated financial commitments over the next one year. Our auditors have expressed a substantial doubt of our ability to continue as a going concern.** We are dependent upon the immediate receipt of substantial additional financing to carry out our plan of operations and to meet our anticipated financial commitments over the next one year, including, without limitation, maintaining the current technology and supporting staff, making minimum payments to our mall managers as required and making timely payments to our debt holders. The accompanying consolidated financial statements have been prepared assuming our company will continue as a going concern. Our continued existence is dependent upon our ability to obtain additional debt and/or equity financing to advance our mall network system and to develop a revenue stream resulting therefrom. We have incurred net losses for the years ending December 31, 2015, 2014 and 2013 of \$10,459,724, \$10,506,099 and \$6,088,733, respectively. As of December 31 2015, we had an accumulated deficit of \$40,471,590. For the year ended December 31, 2015, we have had negative cash flows from operating activities of \$9,369,631. These factors raise substantial doubt concerning our ability to continue as a going concern. We can provide no assurances that we will be successful in raising additional equity and/or debt financing on terms satisfactory to us, if at all, to remain a going concern.

**We have a history of operating losses and may not in the future generate consistent revenues or profits.** Since our inception, we have experienced a continued history of operating losses and an accumulated deficit of \$40,471,590 at December 31, 2015. We have incurred net losses for the years ending December 31, 2015, 2014 and 2013 of \$10,459,724, \$10,506,099 and \$6,088,733, respectively. Our operating losses for the past several years are primarily

attributable to the transformation of our company into an advertising technology corporation. Our Mobiquity Network subsidiary has no revenues from its operations for the year ended December 31, 2015. We can provide no assurances that our operations will generate consistent or predictable revenue or be profitable in the future. This is particularly the case as we are shifting our business emphasis to focus on our Proximity Marketing business.

**We are shifting our business from our legacy marketing and promotion business to our Mobiquity Networks integrated suite of proprietary location-based mobile advertising technologies, the success of which cannot be assured. Further, our Mobiquity Networks' business may be subject to quarterly fluctuations in its operating results due to the seasonality of mall-based business.** We operate through our wholly-owned subsidiaries, Ace Marketing & Promotions, Inc. and Mobiquity Networks, Inc. Ace Marketing is our legacy marketing and promotions business which provides integrated marketing services to our commercial customers. While Ace Marketing currently represents substantially all of our revenue, we anticipate that activity from Ace Marketing will represent a diminishing portion of corporate revenue as our attention is now principally focused on developing and executing on opportunities in our Mobiquity Networks business. We believe that our Mobiquity Networks business represents our growth opportunity going forward and that this business unit is positioned as a result of our early mover status and novel technology integration to address a growing segment of the digital advertising market – location based mobile marketing. We expect that Mobiquity Networks will generate the majority of our revenue by the end of 2016, although no assurances can be given in this regard. Further, we can provide no assurances that the implementation of our Mobiquity Networks' business will meet our expectations in terms of generating a certain amount of revenue by a certain year. Also, the operating results of our Mobiquity Networks' business may fluctuate quarterly due to the seasonality of mall-based businesses.

**We did not receive any significant revenues from our new Mobiquity business in 2015 and we cannot accurately predict the volume or timing of any future revenues.** We may be unable to capture revenue from our new Mobiquity business in the manner in which we anticipate and we may incur substantial expenses and devote significant management effort and expense in developing customer adoption of our Mobiquity solution, which may not result in revenue generation. As such, we cannot accurately predict the volume or timing of any future revenues.

**Our business may become dependent on our agreement with Simon Property, which agreement expires on December 31, 2017.** In April 2011, we entered into our agreement with Simon Property, a leading mall developer, which agreement was amended first in September 2013 and secondly in July 2014. While substantially all of our operating revenues are currently derived from our Ace Marketing subsidiary, we could in the future become dependent upon our agreement with Simon Property to execute on the development of our Proximity Marketing business and to attempt to achieve profitable operations. We have signed an agreement with Simon Property to create Mobiquity Networks in about 195 of their current malls. This agreement expires on December 31, 2017. There is a risk that our agreement with Simon Property will not be extended beyond its original terms by Simon Property or that our operations will not be profitable. Also, our agreement with Simon Property requires us to maintain for each calendar year under said agreement the minimum amount of fees under irrevocable standby letters of credit. For 2015, a non-affiliated stockholder and Thomas Arnost, our Executive Chairman, each provided the necessary letters of credit totaling \$2,700,000 with one-half coming from each party. Also, each person who issued the letter of credit is receiving quarterly, while the letters of credit are outstanding, options to purchase 125,000 shares of our common stock, exercisable at the prevailing market price per share on the date of grant and interest at the rate of 8% per annum on the monies that they have had to set aside in their bank accounts and are unable to have access as a result of the letters of credit. In the event Simon Property finds it necessary to draw down on the letter(s) of credit, an event which is expected to occur in April 2016 if substantial additional financing is not immediately obtained, we have until the next quarterly minimum payment due date (approximately 90 days) to obtain satisfactory replacement letters of credit. We can provide no assurance that we will be able to maintain the necessary letters of credit as required by the agreement. In the event of a default under our agreement with Simon Property, which is not cured within 30 days of notice of such breach, Simon Property may commence an action for damages or other appropriate relief and/or terminate the agreement. If we were to lose our agreement with Simon Property for these or any other reason, our business plan could be severely compromised, our business may suffer and our stock price could decrease significantly.

**Our business may also become dependent upon our agreement with Macerich, which agreement expires in April 2018.** In April 2015, we entered into an agreement with Macerich, a leading mall developer, which became effective June 2015. While substantially all of our operating revenues are currently derived from our Ace Marketing subsidiary, we could in the future become dependent upon our agreement with Macerich to execute on the development of our proximity marketing business and to attempt to achieve profitable operations. We signed an agreement with Macerich to create Mobiquity Networks in about 55 of their malls. There is a risk that our agreement with Macerich will not be extended beyond its original terms by Macerich or that our operations will not be profitable. Our agreement with Macerich has a term of three years expiring in April 2018, but is subject to earlier termination (i) with cause following a notice and cure period in the event of material breach of the agreement, (ii) in the event the Macerich mall properties are sold, or (iii) without cause by Macerich after one year. If we were to lose our agreement with Macerich, for these or any other reason, our business plan could be severely compromised, our business may suffer and our stock price could decrease significantly.



**Our business may also become dependent upon our agreement with GGP, which agreement expires in April 2018.** In December 2015, we entered into an agreement with GGP, a leading mall developer, which became effective November 2015. While substantially all of our operating revenues are currently derived from our Ace Marketing subsidiary, we could in the future become dependent upon our agreement with GGP to execute on the development of our proximity marketing business and to attempt to achieve profitable operations. We signed an agreement with GGP to create Mobiquity Networks in about 120 of their malls. There is a risk that our agreement with GGP will not be extended beyond its original terms by GGP or that our operations will not be profitable. Our agreement with GGP has a term of two years expiring in April 2018, but is subject to earlier termination with cause following a notice and cure period in the event of material breach of the agreement or an operational breach. If we were to lose our agreement with GGP, for these or any other reason, our business plan could be severely compromised, our business may suffer and our stock price could decrease significantly.

**Our business may also become dependent upon our agreement with PREIT, which agreement expires in 2019.**

In 2015, we entered into an agreement with PREIT, a leading mall developer. While substantially all of our operating revenues are currently derived from our Ace Marketing subsidiary, we could in the future become dependent upon our agreement with PREIT to execute on the development of our proximity marketing business and to attempt to achieve profitable operations. We signed an agreement with PREIT to create Mobiquity Networks in about 27 of their malls. There is a risk that our agreement with PREIT will not be extended beyond its original terms by PREIT or that our operations will not be profitable. Our agreement with PREIT has a term of four years expiring in 2019, but is subject to earlier termination in the event of (i) a material breach of the agreement, (ii) in the event certain net revenue thresholds are not met for any measurement period, in each case as defined in the agreement, (iii) in the event of a sale of the mall premises, or (iv) if PREIT determines that our Mobi-Beacons or app is not adequate and/or otherwise provides a negative user experience for the visitors to the PREIT malls. If we were to lose our agreement with PREIT, for these or any other reason, our business plan could be severely compromised, our business may suffer and our stock price could decrease significantly.

Our business may also become dependent upon our agreement with Rouse, which agreement expires in 2019. In 2015, we entered into an agreement with Rouse, a leading mall developer. While substantially all of our operating revenues are currently derived from our Ace Marketing subsidiary, we could in the future become dependent upon our agreement with Rouse to execute on the development of our proximity marketing business and to attempt to achieve profitable operations. We signed an agreement with PREIT to create Mobiquity Networks in about 30 of their malls. There is a risk that our agreement with Rouse will not be extended beyond its original terms by Rouse or that our operations will not be profitable. Our agreement with Rouse has a term of four years expiring in 2019, but is subject to earlier termination in the event of (i) a material breach of the agreement, (ii) in the event certain net revenue thresholds are not met for any measurement period, in each case as defined in the agreement, (iii) in the event of a sale of the mall premises, or (iv) if Rouse elects to terminate the agreement at the end of year two of the contract. If we were to lose our agreement with Rouse, for these or any other reason, our business plan could be severely compromised, our business may suffer and our stock price could decrease significantly.

**We may be unable to realize the benefits of our agreement with IBM.** In April 2015, we entered into a Joint Initiative Agreement with IBM and enrolled as an IBM Business Partner through IBM's PartnerWorld program. We are teaming with IBM to deliver jointly developed solutions for mall-based tenants, including retail clients. These solutions leverage the Mobiquity Networks beacon platform deployed exclusively in the common areas of our mall footprint across the United States, as well as our SDK which can be embedded within mall clients' mobile apps, to deliver relevant content in real time to shoppers' smart phones as they visit these malls. IBM has agreed to work with these clients to provide the analytics solutions needed to deliver personalized, one-on-one content to shoppers through Mobiquity's platform, and to help clients obtain insights from shopper transactions to drive improved customer experience and business performance. IBM services will also provide the integration capabilities needed to combine the Mobiquity Network platform in the mall common areas with the in-store server and network infrastructure, to optimize delivery of context-relevant content for the shopper. However, there is a risk that we may be unable to realize the benefits of this agreement, and a further risk that our agreement with IBM may not result in revenue generating or profitable operations of our company.

**The reach of our Mobi-Beacons is dependent upon our successful integration of our SDK into various mobile applications (or apps) to allow us to communicate with our targeted audience.** For us to create substantial revenues from our Mobi-Beacons, we are dependent upon entering into agreements with mobile application publishers to expand our targeted audience similar to the agreements described under “Business – Our Single Integrated Platform.” Our Mobi-Beacons communicate with our SDK which will be embedded into apps pursuant to agreements we negotiate with app publishers. The greater the number of publisher apps into which our SDK is embedded, the greater the chance of triggering a beacon engagement for which we get compensated by advertisers. We currently have entered into agreements with a limited number of third party app publishers. There is a risk that we will be unable to expand our third party publisher network on terms satisfactory to us, or at all, and if we are unable to do so, our results of operations and overall business prospects would suffer.

**The location-based mobile marketing industry is relatively new and our competition may become extensive.** In 2008, we became an authorized distributor, provider and reseller in the United States of mobile advertising solutions, in the location-based mobile advertising industry. In March 2013, we purchased the mobile advertising technology from our licensor. In 2011, we started transforming our company into a location-based mobile mall marketing enterprise with the formation of our Mobiquity Networks subsidiary. Currently, we have not generated significant revenue from this new and unproven segment of our business as our proximity marketing revenues totaled \$-0-, \$149,500 and \$162,500 for the years ended December 31, 2015, 2014 and 2013, respectively. While we intend to market our Mobiquity devices as a differentiated and advantageous mobile technology to attempt to capitalize on our location-based mobile mall network footprint, there is a risk that we will be unable to expand this business or generate substantial advertising revenues to support operations. Moreover, there is a risk that our location-based mobile mall network will be unable to compete with large, medium and small competitors that are in (or may enter) the proximity marketing industry with substantially larger resources and management experience. If our Mobiquity technology is unsuccessful for any reason in the marketplace, our business would be substantially harmed.

**We expect to derive substantially all of our future revenues from our principal technology, which leaves us subject to the risk of reliance on such technology. Further, our principal technology is subject to pending patent applications which could be rejected by the United States Patent and Trademark Office.** We expect to derive substantially all of our future revenues from our Mobiquity location-based mobile advertising technology. As such, any factor adversely affecting our ability to offer and implement our solution to new customers, including regulatory issues, market acceptance, competition, performance and reliability, reputation, price competition and economic and market conditions, would likely harm our operating results.

**If our Mobiquity technology fails to satisfy current or future customer requirements, we may be required to make significant expenditures to redesign the technology, and we may have insufficient resources to do so.** Our Mobiquity technology is designed to address an evolving marketplace and must comply with current and evolving customer requirements in order to gain market acceptance. There is a risk that we will not meet anticipated customer requirements or desires, including those of our key property licensor. If we are required to redesign our technologies to address customer demands or otherwise modify our business model, we may incur significant unanticipated expenses and losses, and we may be left with insufficient resources to engage in such activities. If we are unable to redesign our technology, develop new technology or modify our business model to meet customer desires or any other customer requirements that may emerge, our operating results would be materially and adversely affected.

**If we fail to respond quickly to technological developments, our service may become uncompetitive and obsolete.** The location-based mobile advertising market in which we plan to compete are expected to experience rapid technology developments, changes in industry standards, changes in customer requirements and frequent new improvements. If we are unable to respond quickly to these developments, we may lose competitive position, and our technologies may become uncompetitive or obsolete, causing revenues and operating results to suffer. In order to compete, we may be required to develop or acquire new technology and improve our existing technology and processes on a schedule that keeps pace with technological developments. We must also be able to support a range of changing customer preferences. For instance, our shopping mall customers may have different requirements from universities or other users of our technology and solution, and thus we may be required to adopt our platform to accommodate the different customers. We cannot guarantee that we will be successful in any manner in these efforts.

**We cannot predict our future capital needs and we may not be able to secure additional financing.** Between January 2013 and December 2015, we raised over \$18 million in private equity and debt financing to support our transformation from an integrated marketing company to an advertising technology company. Since we might be unable to generate recurring or predictable revenue or cash flow to fund our operations, we will likely need to seek additional (perhaps substantial) equity or debt financing even following this offering to provide the capital required to maintain or expand our operations. We may also need additional funding for developing products and services, increasing our sales and marketing capabilities, promoting brand identity, and acquiring complementary companies, technologies and assets, as well as for working capital requirements and other operating and general corporate purposes. We cannot predict our future capital needs with precision, and we may not be able to secure additional financing on terms satisfactory to us, if at all, which could lead to termination of our business.

When we elect to raise additional funds or additional funds are required, we may raise such funds from time to time through public or private equity offerings, debt financings or other financing alternatives. Additional equity or debt financing may not be available on acceptable terms, if at all. If we are unable to raise additional capital in sufficient amounts or on terms acceptable to us, we will be prevented from pursuing operational development and commercialization efforts and our ability to generate revenues and achieve or sustain profitability will be substantially harmed.

If we raise additional funds by issuing equity securities, our stockholders will experience dilution. Debt financing, if available, would result in increased fixed payment obligations and may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. Any debt financing or additional equity that we raise may contain terms, such as liquidation and other preferences, which are not favorable to us or our stockholders. If we raise additional funds through collaboration and licensing arrangements with third parties, it may be necessary to relinquish valuable rights to our technologies, future revenue streams or product candidates or to grant licenses on terms that may not be favorable to us. Should the financing we require to sustain our working capital needs be unavailable or prohibitively expensive when we require it, our business, operating results, financial condition and prospects could be materially and adversely affected and we may be unable to continue our operations. Failure to secure additional financing on favorable terms could have severe adverse consequences to us.

**Our future performance is materially dependent upon our management and their ability to manage our growth.** Our future performance is substantially dependent upon the efforts and abilities of members of our existing management. This is particularly the case as we seek to ramp up our newer location-based mobile advertising network business in 2016 and beyond. The loss of the services of our management personnel could have a material adverse effect on our business. We currently lack “key man” life insurance policies on any of our officers or employees. Competition for additional qualified management is intense, and we may be unable to attract and retain additional key personnel. The number of management personnel is currently limited and they may be unable to manage our expansion successfully and the failure to do so could have a material adverse effect on our business, results of operations and financial condition.

**If our management team does not remain with us in the future, our business, operating results and financial condition could be adversely affected.** Our future success depends in large part on our current senior management team and our ability to attract and retain additional high-quality management and operating personnel. Our senior management team’s in-depth knowledge of and deep relationships with the participants in our industry are extremely valuable to us. Our business also requires skilled technical and marketing personnel, who are in high demand and are often subject to competing offers. Competition for qualified employees is intense in our industry, and the loss of even a few qualified employees, or an inability to attract, retain and motivate additional highly skilled employees required for the planned expansion of our business, could harm our operating results and impair our ability to grow. To attract and retain key personnel, we use various measures, including an equity incentive program and incentive bonuses for executive officers and other employees. These measures may not be enough to attract and retain the personnel we require to operate our business effectively. We also have a number of employees who were granted stock options over the past few years that have an exercise price per share that is significantly lower than the current fair market value. If we are successful as a public company, of which there can be no assurances, these employees may choose to exercise

their options and sell the shares, recognizing a substantial gain. As a result, it may be difficult for us to retain such employees.

**If we are unable to attract additional management and sales representatives, or if a significant number of our manager or sales representatives leave us, our ability to increase our net revenues could be negatively impacted.** Our ability to expand our business will depend, in part, on our ability to attract additional management and sales representatives. Competition for qualified managers and sales representatives can be intense, and we may be unable to hire additional team members when we need them or at all. Any difficulties we experience in attracting additional managers or sales representatives could have a negative impact on our ability to expand our retailer base, increase net revenues and continue our growth. In addition, we must retain our current management and sales representatives and properly incentivize them to obtain new relationships. If a significant number of our managers and sales representatives were to leave us, our net revenues could be negatively impacted. In certain circumstances, we have entered into agreements with our managers and sales representatives that contain non-compete provisions to mitigate this risk, but we may need to litigate to enforce our rights under these agreements, which could be time-consuming, expensive and ineffective. A significant increase in the turnover rate among our current managers or sales representatives could also increase our recruiting costs and decrease our operating efficiency, which could lead to a decline in our net revenues and profitability.

**We will need to protect our intellectual property which we acquired from FuturLink and which we are developing on our own.** In 2013, we acquired our proximity marketing intellectual property consisting of patent applications, source codes and trademark(s) from our licensor, FuturLink, at a cost of approximately \$100,000. The patent applications acquired related to the hardware and associated process for identifying and acquiring connections to mobile devices and the process for delivering select content to users on an opt-in basis. To date, the U.S. Patent and Trademark Office has published four patents but approved only one patent. Additionally, significant “know how” was acquired with respect to managing remote hardware across a large physical network. We expect to leverage the hardware and software included in our purchase to expand our mall-based footprint in the United States, and should we lose access to this technology, our business prospects could be harmed.

We believe our intellectual property, much of which is only protected through trade secrets and could potentially be misappropriated by others, gives us a lead in the industry with respect to the sophisticated management of large-scale network deployments and campaign management. However, there is a risk that competitors with large financial resources will adapt and make changes that may overcome our perceived advantage. Most beacon providers focus on single-store applications and are not capable of managing beacons across multiple locations, much less manage a public network that will be accessed by multiple advertisers versus a single retailer. Our network-focused platform approach is a key selling tool when presenting our capabilities to property owners, such as mall developers, who understand the challenge associated with managing a large number of hardware solutions across hundreds of properties. However, there is a risk that we will be unable to protect our trade secrets from being misappropriated by others. In the event patents are granted, our intellectual property positions could be challenged, invalidated, circumvented or expire or we could fail to protect our future intellectual property through unsuccessful litigation. Any failure to protect our intellectual property, could adversely affect our business, and our future prospects depend in part on our ability to defend our intellectual property rights, which we may be unable to do for cost or technological reasons.

In addition, third parties may seek to challenge, invalidate or circumvent our intellectual property rights. Moreover, 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, which could damage our business if this should occur.

**Our Mobiquity solution contains and is dependent upon open source software, which may pose particular risks to our proprietary software and solutions.** We use open source software in our solutions and will use open source software in the future. Some licenses governing our use of open source software contain requirements that we make available source code for modifications or derivative works we create based upon the open source software, and that we license such modifications or derivative works under the terms of a particular open source license or other license granting third parties certain rights of further use. By the terms of certain open source licenses, we could be required to release the source code of our proprietary software, and to make our proprietary software available under open source licenses, if we combine our proprietary software with open source software in certain manners. Although we monitor our use of open source software, we cannot assure you that all open source software is reviewed prior to use



in our solutions, that our programmers have not incorporated open source software into our solutions, or that they will not do so in the future. Additionally, the terms of many open source licenses to which we are subject have not been interpreted by U.S. or foreign courts. There is a risk that open source software licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to market or provide our solutions. In addition, the terms of open source software licenses may require us to provide software that we develop using such open source software to others on unfavorable license terms. As a result of our current or future use of open source software, we may face claims or litigation, be required to release our proprietary source code, pay damages for breach of contract, re-engineer our solutions, discontinue making our solutions available in the event re-engineering cannot be accomplished on a timely basis or take other remedial action. Any such re-engineering or other remedial efforts could require significant additional research and development resources, and we may not be able to successfully complete any such re-engineering or other remedial efforts. Further, in addition to risks related to license requirements, use of certain open source software can lead to greater risks than use of third-party commercial software, as open source licensors generally do not provide warranties or controls on the origin of software. Any of these risks could be difficult to eliminate or manage, and, if not addressed, could have a negative effect on our business, financial condition and operating results.

**We rely on information technology to operate our business and maintain competitiveness, and any failure to adapt to technological developments or industry trends could harm our business.** We depend on the use of information technologies and systems. As our operations grow in size and scope, we will be required to continuously improve and upgrade our systems and infrastructure while maintaining or improving the reliability and integrity of our infrastructure. Our future success also depends on our ability to adapt our systems and infrastructure to meet rapidly evolving consumer trends and demands while continuing to improve the performance, features and reliability of our solutions in response to competitive services and product offerings. The emergence of alternative platforms will require new investment in technology. New developments in other areas, such as cloud computing, could also make it easier for competition to enter our markets due to lower up-front technology costs. In addition, we may not be able to maintain our existing systems or replace or introduce new technologies and systems as quickly as we would like or in a cost-effective manner.

**If we fail to respond quickly to technological developments, our technology may become uncompetitive and obsolete.** The mobile advertising market is expected to experience rapid technology developments, changes in industry standards, changes in customer requirements and frequent new product introductions and improvements. If we are unable to respond quickly to these developments, we may lose competitive position, and our solutions or technologies may become uncompetitive or obsolete, causing revenues and operating results to suffer. In order to compete, we may be required to develop or acquire new products or technologies and improve our existing technologies and processes on a schedule that keeps pace with technological developments and the requirements for products addressing a broad spectrum and designers and designer expertise in our industry. We must also be able to support a range of changing customer preferences. We cannot guarantee that we will be successful in any manner in these efforts, and our inability to do so could cause our business to suffer.

**Our technology and associated business processes may contain undetected errors, which could limit our ability to provide our services and diminish the attractiveness of our offerings.** Our Mobiquity technology may contain undetected errors, defects or bugs. As a result, our customers or end users may discover errors or defects in our technology or the systems incorporating our technology may not operate as expected. We may discover significant errors or defects in the future that we may not be able to fix. Our inability to fix any of those errors could limit our ability to provide our solution, impair the reputation of our brand and diminish the attractiveness of our product offerings to our customers. In addition, we may utilize third party technology or components in our products and we rely on those third parties to provide support services to us. Failure of those third parties to provide necessary support services could materially adversely impact our business.

**Interruptions or delays in service from key third parties could impair the delivery of our Mobiquity solutions and harm our business.** Our Mobiquity business relies on bandwidth providers, internet service providers and mobile networks to deliver content. Any damage to, or failure of, the systems of our third-party providers could result in interruptions to our service. These providers may be vulnerable to damage or interruption from break-ins, computer viruses, denial-of-service attacks, acts of terrorism, vandalism or sabotage, power loss, telecommunications failures, fires, floods, earthquakes, hurricanes, tornadoes and similar events. The occurrence of any of these events, a decision to close applicable facilities without adequate notice or other unanticipated problems could result in loss of data, lengthy interruptions in the availability of our services and harm to our reputation and brand. We have not adequately developed disaster recovery arrangements, thus leaving us at risk for disasters or similar events. As we depend on

continuous and uninterrupted access to the Internet through third-party bandwidth providers to operate our business, if we lose the services of one or more of our bandwidth providers for any reason or if their services are disrupted, we could experience disruption in our services or we could be required to retain the services of a replacement bandwidth provider, which could increase our operating costs and harm our business and reputation.

**Because we do not manufacture the promotional products we distribute, we are dependent upon third parties for the manufacture and supply of our promotional products.** Our Ace Marketing subsidiary obtains all of our promotional products from third-party suppliers, both domestically and overseas primarily in China. We submit purchase orders to our suppliers who are not committed to supply products to us. Therefore, suppliers may be unable to provide the products we need in the quantities we request. Because we lack control of the actual production of the promotional products we sell, we may be subject to delays caused by interruption in production based on conditions outside of our control. In the event that any of our third-party suppliers were to become unable or unwilling to continue to provide the products in required volumes, we would need to identify and obtain acceptable replacement sources on a timely cost effective basis. There is no guarantee that we will be able to obtain such alternative sources of supply on a timely basis, if at all. An extended interruption in the supply of our products would have an adverse effect on our results of operations, which most likely would adversely affect the value of our common stock.

**We entered into a convertible promissory note which is secured by all of our assets. This note has a current maturity date of December 31, 2016, but the noteholder has the right to call the note at any time, which could adversely affect our liquidity and capital resources.** On June 12, 2012, we entered into a secured convertible promissory note due December 12, 2013 in the amount of \$350,000 with TCA Global Credit Master Fund L.P. This note is secured by all of our assets. On December 12, 2013, Thomas Arnost our Executive Chairman, purchased the \$350,000 Note from TCA (which principal amount has been reduced to \$322,000) and, subsequently entered into an agreement with us to extend the due date of the note until December 31, 2016, subject to his right to call the note at any time, in addition to certain other conditions. The payment of this Note at maturity or earlier if accelerated by Mr. Arnost at his sole discretion could come at a time when it would not be advantageous to us and could materially adversely affect our liquidity and capital resources. We can provide no assurances that we will be able to meet our obligations under the note.

**Changes in consumer sentiment or laws, rules or regulations regarding tracking technologies and other privacy matters could have a material adverse effect on our ability to generate net revenues and could adversely affect our ability to collect data on consumer shopping behavior.** The collection and use of electronic information about user is an important element of our Mobiquity technology and solutions. However, consumers may become increasingly resistant to the collection, use and sharing of information, including information used to deliver advertising and to attribute credit to publishers in performance marketing programs, and take steps to prevent such collection, use and sharing of information. For example, consumer complaints and/or lawsuits regarding advertising or other tracking technologies in general and our practices specifically could adversely impact our business. In addition to this change in consumer preferences, if retailers or brands perceive significant negative consumer reaction to targeted advertising or the tracking of consumers' activities, they may determine that such advertising or tracking has the potential to negatively impact their brand. In that case, advertisers may limit or stop the use of our solutions, and our operating results and financial condition would be adversely affected.

**Our business practices with respect to data and consumer protection could give rise to liabilities or reputational harm as a result of governmental regulation, legal requirements or industry standards relating to consumer privacy, data protection and consumer protection.** Federal, state and international laws and regulations govern the collection, use, retention, sharing and security of data that we collect. We strive to comply with all applicable laws, regulations, self-regulatory requirements and legal obligations relating to privacy, data protection and

consumer protection, including those relating to the use of data for marketing purposes. It is possible, however, that these requirements may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or our practices. We cannot assure you that our practices have complied, comply, or will comply fully with all such laws, regulations, requirements and obligations. Any failure, or perceived failure, by us to comply with federal, state or international laws or regulations, including laws and regulations regulating privacy, data security, marketing communications or consumer protection, or other policies, self-regulatory requirements or legal obligations could result in harm to our reputation, a loss in business, and proceedings or actions against us by governmental entities, consumers, retailers or others. We may also be contractually liable to indemnify and hold harmless performance marketing networks or other third parties from the costs or consequences of noncompliance with any laws, regulations, self-regulatory requirements or other legal obligations relating to privacy, data protection and consumer protection or any inadvertent or unauthorized use or disclosure of data that we store or handle as part of operating our business. Any such proceeding or action, and any related indemnification obligation, could hurt our reputation, force us to incur significant expenses in defense of these proceedings, distract our management, increase our costs of doing business and cause consumers and retailers to decrease their use of our marketplace, and may result in the imposition of monetary liability.

**As we develop and provide solutions, we may be subject to additional and unexpected regulations, which could increase our costs or otherwise harm our business.** As we develop and provide solutions that address new market segments, we may become subject to additional laws and regulations, which could create unexpected liabilities for us, cause us to incur additional costs or restrict our operations. From time to time, we may be notified of or otherwise become aware of additional laws and regulations that governmental organizations or others may claim should be applicable to our business. Our failure to anticipate the application of these laws and regulations accurately, or other failure to comply, could create liability for us, result in adverse publicity or cause us to alter our business practices, which could cause our net revenues to decrease, our costs to increase or our business otherwise to be harmed.

**We rely on information technology to operate our business and maintain competitiveness, and any failure to adapt to technological developments or industry trends could harm our business.** We depend on the use of information technologies and systems. As our operations grow in size and scope, we must continuously improve and upgrade our systems and infrastructure while maintaining or improving the reliability and integrity of our infrastructure. Our future success also depends on our ability to adapt our systems and infrastructure to meet rapidly evolving consumer trends and demands while continuing to improve the performance, features and reliability of our solutions in response to competitive services and product offerings. In addition, we may not be able to maintain our existing systems or replace or introduce new technologies and systems as quickly as we would like or in a cost-effective manner.

**Government regulation of the Internet, e-commerce and m-commerce is evolving, and unfavorable changes or failure by us to comply with these laws and regulations could substantially harm our business and results of operations.** We are subject to general business regulations and laws as well as regulations and laws specifically governing the Internet, e-commerce and m-commerce in a number of jurisdictions around the world. Existing and future regulations and laws could impede the growth of the Internet, e-commerce, m-commerce or other online services. These regulations and laws may involve taxation, tariffs, privacy and data security, anti-spam, data protection, content, copyrights, distribution, electronic contracts, electronic communications and consumer protection. It is not clear how existing laws and regulations governing issues such as property ownership, sales and other taxes, libel and personal privacy apply to the Internet as the vast majority of these laws and regulations were adopted prior to the advent of the Internet and do not contemplate or address the unique issues raised by the Internet, e-commerce or m-commerce. It is possible that general business regulations and laws, or those specifically governing the Internet, e-commerce or m-commerce may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or our practices. We cannot assure you that our practices have complied, comply or will comply fully with all such laws and regulations. Any failure, or perceived failure, by us to comply with any of these laws or regulations could result in damage to our reputation, a loss in business, and proceedings or actions against us by governmental entities or others. Any such proceeding or action could hurt our reputation, force us to spend significant resources in defense of these proceedings, distract our management, increase our costs of doing business, and cause consumers and retailers to decrease their use of our marketplace, and may result in the imposition of monetary liability. We may also be contractually liable to indemnify and hold harmless third parties from the costs or consequences of noncompliance with any such laws or regulations. In addition, it is possible that governments of one or more countries may seek to censor content available on our websites and mobile applications or may even attempt to completely block access to our marketplace. Adverse legal or regulatory developments could substantially harm our business. In particular, in the event that we are restricted, in whole or in part, from operating in one or more countries, our ability to retain or increase our customer base may be adversely affected and we may not be able to maintain or grow our net revenues as anticipated.

**There may be limitations on the effectiveness of our internal controls, and a failure of our control systems to prevent error or fraud may materially harm our company.** Proper systems of internal controls over financial accounting and disclosure are critical to the operation of a public company. We have a limited accounting and finance staff, and such staff has relatively limited experience in operating the accounting function of a growing public company. As such, we may be unable to effectively establish, implement and update our internal control systems. This would leave us without the ability to reliably assimilate and compile financial information about our company and significantly impair our ability to prevent error and detect fraud, all of which would have a negative impact on our company from many perspectives.

Moreover, we do not expect that disclosure controls or internal control over financial reporting, even if properly in place, will prevent all error and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. Failure of our control systems to prevent error or fraud could materially and adversely affect our business, reputation, stock price and results of operations.

**Our subsidiary which operates our legacy business sells its branded merchandise to a diverse group of customers, which includes a principal customer.** For the year ended December 31, 2015, one customer accounted for approximately 38% of net revenues for our branded merchandise as compared to a customer accounting for approximately 35% of net revenues for the comparable period of the prior year. A loss of a principal customer in our legacy business could substantially affect our results of operations.

#### **Risks Relating To An Investment In Our Securities**

**Our future sales of common stock by management and other stockholders may have an adverse effect on the then prevailing market price of our common stock.** In the event a public market for our common stock is sustained in the future, sales of our common stock may be made by holders of our public float or by holders of restricted securities in compliance with the provisions of Rule 144 of the Securities Act of 1933. In general, under Rule 144, a non-affiliated person who has satisfied a six-month holding period in a fully reporting company under the Securities Exchange Act of 1934, as amended, may, sell their restricted common stock without volume limitation, so long as the issuer is current with all reports under the Exchange Act in order for there to be adequate common public information. Affiliated persons may also sell their common shares held for at least six months, but affiliated persons will be required to meet certain other requirements, including manner of sale, notice requirements and volume limitations. Non-affiliated persons who hold their common shares for at least one year will be able to sell their common stock without the need for there to be current public information in the hands of the public. Future sales of shares of our public float or by restricted common stock made in compliance with Rule 144 may have an adverse effect on the then prevailing market price, if any, of our common stock.

**A significant portion of our total outstanding shares are eligible to be sold into the market in the near future, which could cause the market price of our common shares to drop significantly, even if our business is doing well.** A significant portion of our total outstanding shares are eligible to be sold into the market in the near future, which could cause the market price of our common shares to drop significantly, even if our business is doing well. Sales of a substantial number of our common shares in the public market, or the perception in the market that the holders of a large number of shareholders intend to sell shares could reduce the market price of our common shares.



**We do not intend to pay dividends.** We do not anticipate paying cash dividends on our common stock in the foreseeable future. We may not have sufficient funds to legally pay dividends. Even if funds are legally available to pay dividends, we may nevertheless decide in our sole discretion not to pay dividends. The declaration, payment and amount of any future dividends will be made at the discretion of our board of directors, and will depend upon, among other things, the results of our operations, cash flows and financial condition, operating and capital requirements, and other factors our board of directors may consider relevant. There is no assurance that we will pay any dividends in the future, and, if dividends are paid, there is no assurance with respect to the amount of any such dividend.

**We lack an established trading market for our common stock, and you may be unable to sell your common stock at attractive prices or at all.** There is currently a limited trading market for our common stock on the OTCQB under the symbol “MOBQ.” There can be no assurances given that an established public market will be obtained for our common stock or that any public market will last. As a result, we cannot assure you that you will be able to sell your common stock at attractive prices or at all.

**The market price for our securities may be highly volatile.** The market price for our securities may be highly volatile. A variety of factors may have a significant impact on the market price of our common stock, including:

- quarterly fluctuations of operating results due to the seasonality of our Mobiquity Networks mall-based business;
- the publication of earnings estimates or other research reports and speculation in the press or investment community;
- changes in our industry and competitors;
- our financial condition, results of operations and prospects;
- any future issuances of our common stock, which may include primary offerings for cash, and the grant or exercise of stock options from time to time;
- general market and economic conditions; and
- any outbreak or escalation of hostilities, which could cause a recession or downturn in the U.S. economy.

In addition, the markets in general can experience extreme price and volume fluctuations that can be unrelated or disproportionate to the operating performance of the companies listed or quoted. Broad market and industry factors may negatively affect the market price of our common stock, regardless of actual operating performance. In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been instituted against companies. This type of litigation, if instituted, could result in substantial costs and a diversion of management's attention and resources, which would harm our business.

**Our stockholders recently approved a 1-for-20 reverse stock split and such split could adversely affect the market liquidity of our common stock, impair the value of your investment and harm our business.** There are a number of risks associated with a potential reverse stock split that we may effect in connection with a potential uplisting on to a national securities exchange, including that the reverse stock split may not result in a sustained increase in the per share price of our common shares. We cannot predict whether the reverse stock split, if implemented, would increase the market price for our common shares on a sustained basis. The history of similar stock split combinations for companies in like circumstances is varied, and we cannot predict whether:

the market price per share of our common shares after the reverse stock split, if implemented, would result in a sustained rise in proportion to the reduction in the number of shares of our common shares outstanding before the reverse stock split, *i.e.*, that the post-split market price of our common shares will equal or exceed the pre-split price multiplied by the split ratio;

the reverse stock split would result in a per share price that will attract brokers and investors who do not trade in lower priced stocks;

the reverse stock split would result in a per share price that will increase our ability to attract and retain employees and other service providers;

the market price per share would equal or exceed the price required to qualify for initial listing or remain in excess of the minimum bid price as required by the National Securities Exchange for initial listing; or

that we will otherwise meet the requirements of the National Securities Exchange for continued inclusion for trading on the National Securities Exchange.

In addition, we reduced the number of common shares available in the public float and this may impair the liquidity in the market for our common shares on a sustained basis, which may in turn reduce the value of our common shares. We may in the future undergo one or more additional stock splits, stock dividends and/or reverse stock splits. If we issue additional shares in the future, it will likely result in the dilution of our existing shareholders.

**Our directors and executive officers have a material level of control over us, which could delay or prevent a change in our corporate control favored by our other stockholders.** As of the date of this Form 10-K, our directors and executive officers beneficially own, in the aggregate, approximately 27% of our outstanding common stock. These figures include potential future exercises of outstanding options or warrants into shares of common stock. The interests of our current directors and executive officers may differ from the interests of other stockholders. As a result, these current directors and officers could have the ability to exercise material influence over all corporate actions requiring stockholder approval, irrespective of how our other stockholders may vote, including the following actions:

- approval of certain mergers and other significant corporate transactions, including a sale of substantially all of our assets and material financing transactions;
- election of directors;
- adoption of or amendments to stock option plans;
- amendment of charter documents; or
- issuance of “blank check” preferred stock.

**Our certificate of incorporation grants our board of directors the authority to issue a new series of preferred stock without further approval by our shareholders, which could adversely affect the rights of the holders of our common shares.** Our board of directors has the power to fix and determine the relative rights and preferences of preferred stock. Our board of directors also has the power to issue preferred stock without further shareholder approval, subject to applicable listing regulations. As a result, our board of directors could authorize the issuance of new series of preferred stock that would grant to holders thereof certain preferred rights to (i) our assets upon liquidation; (ii) receive dividend payments ahead of holders of common shares; (iii) and the redemption of the shares, together with a premium, prior to the redemption of our common shares. In addition, our board of directors could authorize the issuance of new series of preferred stock that is convertible into our common shares, which could decrease the relative voting power of our common shares or result in dilution to our existing shareholders.

**Research analysts do not currently publish research about our business, limiting information available to shareholders, and if this continues to be the case or if analysts do publish unfavorable commentary or downgrade our common shares it could adversely affect our stock price and trading volume.** The trading market for our common shares will depend, in part, on the research and reports that research analysts publish about us and our business and industry. The price of our common shares could decline if one or more research analysts downgrade our stock or if those analysts issue other unfavorable commentary or cease publishing reports about us or our business. If one or more of the research analysts ceases coverage of our company or fails to publish reports on us regularly, demand for our common shares could decrease, which could cause our stock price or trading volume to decline.

**As a public company, we are subject to complex legal and accounting requirements that will require us to incur significant expenses and will expose us to risk of non-compliance.** As a public company, we are subject to numerous legal and accounting requirements that do not apply to private companies. The cost of compliance with many of these requirements is material, not only in absolute terms but, more importantly, in relation to the overall scope of the operations of a small company. Our management team is relatively inexperienced in complying with these requirements, which may lead to errors in our accounting and financial statements and which may impair our operations. This inexperience may also increase the cost of compliance and may also increase the risk that we will fail to comply. Failure to comply with these requirements can have numerous adverse consequences including, but not limited to, our inability to file required periodic reports on a timely basis, loss of market confidence and/or governmental or private actions against us. We cannot assure you that we will be able to comply with all of these requirements or that the cost of such compliance will not prove to be a substantial competitive disadvantage vis-à-vis our privately held and larger public competitors.

**We may be subject to shareholder litigation, thereby diverting our resources that may have a material effect on our profitability and results of operations.** The market for our common shares may be characterized by significant price volatility when compared to seasoned issuers, and we expect that our share price may continue to be more volatile than a seasoned issuer for the indefinite future. In the past, plaintiffs have often initiated securities class action litigation against a company following periods of volatility in the market price of its securities. We may become the target of similar litigation. Securities litigation will result in substantial costs and liabilities and will divert management's attention and resources.

**Compliance with changing regulation of corporate governance and public disclosure will result in additional expenses and pose challenges for our management.** Changing laws, regulations and standards relating to corporate governance and public disclosure, including the Dodd-Frank Wall Street Reform and Consumer Protection Act, and the rules and regulations promulgated thereunder, the Sarbanes-Oxley Act and SEC regulations, have created uncertainty for public companies and significantly increased the costs and risks associated with accessing the U.S. public markets. Our management team will need to devote significant time and financial resources to comply with both existing and evolving standards for public companies, which will lead to increased general and administrative expenses and a diversion of management time and attention from revenue generating activities to compliance activities.

**Our common stock may be considered “penny stock” and may be difficult to trade.** The SEC has adopted regulations that generally define “penny stock” to be an equity security that has a market or exercise price of less than \$5.00 per share, subject to specific exemptions. The market price of our common stock may be less than \$5.00 per share and, therefore, may be designated as a “penny stock” according to SEC rules, unless our common shares are trading on a national exchange. This designation requires any broker or dealer selling these securities to disclose certain information concerning the transaction, obtain a written agreement from the purchaser and determine that the purchaser is reasonably suitable to purchase the securities. These rules may restrict the ability of brokers or dealers to sell our common stock and may affect the ability of investors to sell their common shares.

#### Item 1B. Unresolved Staff Comments

None.

#### Item 2. Properties

In February 2012, we entered into a 63-month 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 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 shares of common stock of our company. Additional office space in the same building is leased on a month to month basis for \$1,600 per month for approximately 800 square feet.

Our lease for approximately 2,000 square feet of space at an annual cost of approximately \$28,600 (inclusive of taxes) at 1105 Portion Road, Farmingville, NY 11738 expired in November 2013. We currently lease this property on a month to month basis for approximately \$2,500 per month beginning December 2014, with a 5% increase in rent each month.

In March 2013, we entered into a two-year lease for an approximately 1,200 square foot facility of office and warehouse space in Barcelona, Spain, at monthly cost of approximately \$2,200. We are currently negotiating an extension to this lease and expect to extend this lease on a month-to-month basis.

In March of 2014, we entered into a month-to-month lease agreement for approximately 400 square feet of office space located in Manhattan, NY at a monthly cost of \$3,700. In May of 2015 we moved to a larger location with the same landlord on a month to month basis for \$5,250 each month.

### Item 3. Legal Proceedings

We are not a party to any pending legal proceedings.

### Item 4. Mine Safety Disclosures

Not applicable.

## PART II

Item 5. Market for Common Equity, Related Stockholder Matters, and IssuerPurchases of Equity Securities.

Our Common Stock trades on the OTCQB under the symbol "MOBQ" (formerly "AMKT") on a limited basis. The OTCQB marketplace has effectively replaced the FINRA operated OTC Bulletin Board (OTCBB) as the primary market for SEC reporting securities that trade off exchanges. The following table sets forth the range of high and low sales prices of our Common Stock for the last two fiscal years.

Quarters Ended	High	Low
March 31, 2014	\$.78	\$.40
June 30, 2014	.60	.35
September 30, 2014	.65	.35
December 31, 2014	.45	.23
March 31, 2015	.38	.18
June 30, 2015	.39	.20
September 30, 2015	.37	.10
December 31, 2015	.31	.13

The closing sales price on December 31, 2015 was \$.15 per share. All quotations provided herein reflect inter-dealer prices, without retail mark-up, markdown or commissions.

In the event a public market for our common stock is sustained in the future, sales of our common stock may be made by holders of our public float or by holders of restricted securities in compliance with the provisions of Rule 144 of the Securities Act of 1933. In general, under Rule 144, a non-affiliated person who has satisfied a six-month holding period in a fully reporting company under the Securities Exchange Act of 1934, as amended, may, sell their restricted Common Stock without volume limitation, so long as the issuer is current with all reports under the Exchange Act in order for there to be adequate common public information. Affiliated persons may also sell their common shares held for at least six months, but affiliated persons will be required to meet certain other requirements, including manner of sale, notice requirements and volume limitations. Non-affiliated persons who hold their common shares for at least one year will be able to sell their common stock without the need for there to be current public information in the hands of the public. Future sales of shares of our public float or by restricted common stock made in compliance with Rule 144 may have an adverse effect on the then prevailing market price, if any, of our common stock. See "Risk Factors."



As of January 27, 2016, the record date of our last special meeting of stockholders, there were 155 holders of record of our common stock and approximately 627 additional beneficial holders of our common stock held in street name on January 27, 2016, the date of our last special meeting of stockholders. Our transfer agent is Continental Stock Transfer & Trust company, 17 Battery Place, 8th Floor, New York, NY 10004.

DIVIDEND POLICY

We have never paid any cash dividends and intend, for the foreseeable future, to retain any future earnings for the development of our business. Our Board of Directors will determine our future dividend policy on the basis of various factors, including our results of operations, financial condition, capital requirements and investment opportunities.

RECENT SALES OF UNREGISTERED SECURITIES

(a) In fiscal 2015, we had no sales or issuances of unregistered common stock, except we made sales or issuances of unregistered securities listed in the table below:

<b>Date of Sale</b>	<b>Title of Security</b>	<b>Number Sold</b>	<b>Consideration Received and Description of Underwriting or Other Discounts to Market Price or Convertible Security, Afforded to Purchasers</b>	<b>Exemption from Registration Claimed</b>	<b>If Option, Warrant or Convertible Security, terms of exercise or conversion</b>
Jan. – March 2015	Promissory Notes	\$1,350,000 in principal amount	\$1,350,000 in principal amount; no cash compensation was paid.	Section 4(2)	Not applicable (1)
March 2015	Common Stock and Warrants	1,666,667 common Shares and warrants	\$500,000 received; no commissions paid	Rule 506	Warrants exercisable at \$.45 through March 31, 2020
Jan. – March 2015	Common Stock	90,000 Shares	Services rendered; no commissions paid	Section 4(2)	Not applicable
April – June 2015	Common Stock	435,000 Shares	Services rendered; no commissions paid	Section 4(2)	Not applicable
April – May 2015	Common Stock and Warrants	7,400,000 common Shares and warrants	\$2,220,000 received; no commissions paid	Rule 506	Warrants exercisable at \$.45 through March 31, 2020
July – September 2015	Common Stock	135,000 Shares	Services rendered; no commissions paid	Section 4(2)	Not applicable
January – September 2015	Common Stock	410,180 Shares	Interest paid on Promissory notes or letter of credit as shares of stock in lieu of cash; no commissions paid	Section 4(2)	Not applicable
		3,675,000	\$3,675,000; no	Rule 506 and	

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August – October 2015	Common Stock,  Warrants and Notes	Shares, 3,675,000 warrants and \$3,675,000 of Notes	Commissions paid	Section 4(2)	\$.40 warrants expiring August 31, 2017
October – December 2015	Common Stock	175,000 Shares	Services rendered;  No commissions paid	Section 4(2)	Not applicable Convertible
December 2015	Preferred Stock	200,000 Shares	\$2,000,000; no  Commissions paid	Rule 506 and Section 4(2)	at \$.20 per share with anti-dilution protection for 2016

In November 2014, Carl and Mary Ann Berg 2011 CRT, Carl Berg Trustee, loaned us \$1,000,000 pursuant to a two-year unsecured loan. This loan is repayable in November 2016 with interest at the rate of 4% per annum. Carl Berg is the brother of Clyde Berg. In December 2014, the Clyde Berg 2011 CRT with Carl Berg as Trustee, loaned us \$1,000,000 pursuant to a two-year unsecured loan. This loan is repayable in December 2016 with interest at the rate of 4% per annum. We had an agreement with the Bergs to loan us an additional \$500,000 on the same terms, which monies were received by us in January 2015. On December 29, 2014, Clyde Berg's daughter loaned us (1) \$50,000 pursuant to a two-year note. The principal and accrued interest on all of the aforementioned notes are currently convertible at a conversion price of \$.30 per share. For every \$1.00 of principal and accrued interest thereon converted, the noteholder will also receive a five-year warrant to purchase one share of common stock at an exercise price of \$.50 per share. The foregoing loans were all part of a letter agreement dated December 15, 2014 with Carl E. Berg pursuant to which unsecured loans could be advanced to the Company of up to \$10 million through June 30, 2015. As no additional monies were received by the Company as of June 30, 2015, Mr. Berg's right to make additional loans had expired.

RECENT PURCHASES OF SECURITIES

In 2015, we have had no repurchases of our Common Stock.

Item 6. Selected Financial Data

Not Applicable.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with our financial statements and the notes thereto appearing elsewhere in this Form 10-K. All statements contained herein that are not historical facts, including, but not limited to, statements regarding anticipated future capital requirements, our future plan of operations, our ability to obtain debt, equity or other financing, and our ability to generate cash from operations, are based on current expectations. These statements are forward-looking in nature and involve a number of risks and uncertainties that may cause the Company's actual results in future periods to differ materially from forecasted results.

*Overview*

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

We have installed our location-based mobile advertising solutions in approximately 355 retail destinations across the U.S. and are adding an additional 120 malls over the first quarter of 2016 to create "smart malls" using Bluetooth-enabled iBeacon compatible technology. We plan to expand our mall footprint into the common areas of other malls and outside the malls with additional synergistic venues that will allow for cross marketing opportunities in such venues as stadiums, arenas, additional college campuses, airports and retail chains. For example, we have entered into an agreement with the New York State University at Stony Brook to deploy a mobile advertising network in their new arena. This type of installation will enable fan engagement, cross-marketing opportunities, sponsorship activation and create interactive event experiences. This is our first installation in the university market.

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

We believe that our Mobiquity Networks business represents our greatest growth opportunity going forward. This business unit is well positioned as a result of our early mover status and novel technology integration to address a rapidly growing segment of the digital advertising market – location based mobile marketing. We expect that Mobiquity Networks will generate the majority of our revenue by the end of 2016, although no assurances can be given in this regard. For additional information on our business, see “Item 1.”

## 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 - Ace Marketing's* 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 shipment of the merchandise. Revenue is recognized on a gross basis since Ace Marketing 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. Ace Marketing 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.

*Revenue Recognition – Mobiquity Networks.* Mobiquity has three avenues of income with our beacon platform, Bluetooth Push and Wi-Fi. Revenue is realized with the signing of the advertising contract. The customer signs a contract directly with us for an advertising campaign with mutually agreed upon term and is billed on the start date of the advertising campaign, which is expected to be of short duration periods. Revenue is recognized the same way for the three mobile solutions. The first option to earn revenue with the beacon platform is for customers to contract for advertising campaigns, on our platform, either directly through their own app or through various 3rd party apps. The second option to earn revenue is through a revenue share with advertising exchanges and networks that deliver advertising campaigns to their customers based on our real-time location signal data. The third option would be through selling our historical data to data management platform companies.

*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

Our goal is to enhance the shopper experience with retail customers by providing valuable and relevant content in real-time based on location. We achieve this goal by providing our customers (such as retailers, brands, and the entertainment industry) with a highly targeted form of mobile marketing engagement. Our platform enables interaction and advertising based on time, location and personalization to create the most effective campaigns/experiences possible, in a way that is not possible without our network. We connect fans and brands in the retail space by increasing individual retail location app usage and driving foot traffic to such individual retail locations. We have deployed our Mobi-Beacons in about 240 Simon and former Simon malls, 55 Macerich malls, 30 Rouse malls and 27 PREIT malls in the United States. We intend to deploy our Mobi-Beacons by April 2016 in approximately 120 GGP malls in the United States. If working capital permits, we intend to expand our sales and marketing human resource capability to focus on generating revenue over our network. Our sales and marketing team will be seeking to generate revenue over our network through five primary verticals:

1. Retailers, Brands and Apps relevant to the shopping experience.
2. Shopping/Coupon related Apps with relevant offers.
3. Entertainment Apps relevant to the shopper demographic.
4. Advertising Networks and Exchanges serving location relevant ads.
5. Data Analytic and Social Media Apps requesting real-time location based signal.

We plan to expand on our current footprint into the common areas of other malls and with additional synergistic venues that will allow for cross marketing opportunities. Such venues include but are not limited to; stadiums, arenas, college campuses, airports and retail chains. The purpose of this type of expansion will be to create a unified network that will allow relevant beacon companies the opportunity to become part of the Mobiquity network. They may find it advantageous to become part of our network, so they will have the ability to drive traffic into their stores. In the future, we may also build a Private Ad Exchange that will allow for programmatic buying where advertisers will be given permission to engage with shoppers through the Mobiquity network. Additionally, we plan to add other mobile services and plug-ins such as; loyalty programs, indoor mapping, security and mobile payments.

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

## Results of Operations

*Year Ended December 31, 2015 versus Year Ended December 31, 2014*



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The following table sets forth certain selected condensed statement of operations data for the periods indicated in dollars. In addition, we note that the period-to-period comparison may not be indicative of future performance.

	Years Ended December 31	
	2015	2014
Revenue	\$2,491,875	\$3,257,950
Cost of Revenues	1,627,851	2,104,203
Gross Profit	864,024	1,153,747
Operating Expenses	11,549,375	11,086,616
Loss from operations	(10,685,351)	(9,932,869 )
Net Loss	(10,459,724)	(10,506,099)
Other comprehensive Income (Loss)	3,308	(3,504 )
Net comprehensive loss	(10,456,416)	(10,509,603)
Net Loss per common Share	(.14 )	(.17 )
Weighted average common Shares outstanding	72,965,632	61,664,457

We generated revenues of \$2,491,875 in fiscal 2015 compared to \$3,257,950 in the same period for fiscal 2014, a change in revenues of \$766,075. We have expended a large portion of our resources and man power in expanding our mobi segment and less time in our branded merchandise. As our mall network has only recently been constructed and is being expanded, at the current time, revenues from the use of our Mobiquity devices are not a material portion of our consolidated revenues. In 2016, we anticipate our future revenues increasing in our Mobiquity Networks subsidiary due to the implementation of our Mobi-Beacons and the expectation that advertisers will begin to utilize our mall network.

Cost of revenues was \$1,627,851 or 65.3% of revenues in fiscal 2015 compared to \$2,104,203 or 64.6% of revenues in the same fiscal period of fiscal 2014. Cost of revenues includes purchases and freight costs associated with the shipping of merchandise to our customers. The change in cost of revenues in 2015 is related to volume and product mix of the products our customers purchased.

Gross profit was \$864,024 for fiscal 2015 or 34.7% of net revenues compared to \$1,153,747 in the same fiscal period of 2014 or 35.4% 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. As our mall network has only recently been constructed and is currently being expanded, 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 \$11,549,375 for fiscal 2015 compared to \$11,086,616 in the comparable period of the prior year. Such operating costs include payroll and related expenses, commissions, insurance, rents, fee payments to malls, professional (consulting) and public awareness fees. Operating expenses in 2015 as compared to 2014 were relatively the same. It should be noted that fiscal 2015 had approximately \$1.8 million in increased fees paid to the malls and a decrease in non-cash based compensation of approximately \$1.7 million.

The net loss for 2015 was \$10,459,724 as compared to \$10,506,099 for the comparable period of the prior year. As a result of other comprehensive income (losses) totaling \$3,308 and (\$3,504), for 2015 and 2014 respectively, our net comprehensive loss for 2015 was \$10,456,416 as compared to \$10,509,603 for the comparable period of the prior year. 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 the successful introduction and usage of our proximity marketing services.

## **Liquidity and Capital Resources**

We had cash and cash equivalents of \$2,044,662 at December 31, 2015. Cash used by operating activities for the year ended December 31, 2015 was \$9,369,631. This resulted from a net loss of \$10,459,724, partially offset by non-cash expenses, including depreciation and amortization of \$192,955, stock based compensation of \$1,452,248, stock issued for services of \$209,088. Cash used in investing activities amounted to \$5,221, which funds were used to acquire property and equipment. Cash provided by financing activities of \$9,762,035 was the result of the sale of our company common and preferred stock in the amount of \$4,720,000, net of offering costs and proceeds from loans in the amount of \$5,042,035.

We had cash and cash equivalents of \$1,654,171 at December 31, 2014. Cash used by operating activities for the year ended December 31, 2014 was \$5,878,741. This resulted from a net loss of \$10,506,099, partially offset by non-cash expenses, including depreciation and amortization of \$274,896, stock based compensation of \$3,117,807, stock issued for services of \$366,541 and loss on the extinguishment of debt of \$322,000. Additionally, working capital components of current assets and current liabilities, to the exclusion of cash, provided \$546,114. Cash used in investing activities amounted to \$30,657, which funds were used to acquire property and equipment. Cash provided by financing activities of \$5,826,084 was the result of the sale of our company common stock in the amount of \$3,276,310, net of offering costs and proceeds from loans in the amount of \$2,300,000, additional financing activities net of \$249,774.

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 on equity financing and borrowings from outside investors to supplement our cash flow from operations and expect this to continue in 2015 and beyond until cash flow from our proximity marketing operations become substantial.

#### Recent Financings

Since January 1, 2014, we have completed the various financing summarized below.

<b>Date</b>	<b>Dollar Amount</b>	<b># of Securities Sold</b>
January/February 2014	\$2,060,300	Issued 6,867,669 common shares and warrants to purchase 3,433,339 shares
March 2014	\$500,000	Issued 2,000,000 common shares.
July 2014	\$1,000,000	Issued 2,000,000 shares and warrants to purchase 1,000,000 shares
July 2014	\$250,000	Issued convertible note in the principal amount of \$250,000 and warrants to purchase 125,000 shares
November 2014 (1)	\$1,000,000	Issued two-year promissory note in the principal amount of \$1,000,000
December 2014 (1)	\$1,050,000	Issued two-year promissory note in the principal amount of \$1,050,000
January 2015 (1)	\$500,000	Issued two-year promissory note in the principal amount of \$500,000
February 2015 (1)	\$850,000	Issued two-year promissory note in the principal amount of \$850,000
March 2015	\$500,000	Issued 1,666,667 common shares and a like number of warrants
April 2015	\$1,710,000	Issued 5,700,000 common shares and a like number of warrants
May 2015	\$510,000	Issued 1,700,000 common shares and a like number of warrants
August/October 2015	\$3,675,000	Issued promissory notes in the principal amount of \$3,675,000 and 3,675,000 shares of restricted common stock and warrants to purchase an additional 3,675,000 shares of restricted common stock
December 2015	\$2,000,000	Issued 200,000 shares of preferred stock convertible into 10,000,000 shares of common stock with anti-dilution protection for 2016

(1) See "Loan Agreements and Related Party Transactions" below.

### **Loan Agreements and Related Party Transactions**

In November 2014, Carl and Mary Ann Berg 2011 CRT Carl Berg Trustee loaned Mobiquity \$1 million. In December 2014, Clyde J. Berg 2011 CRT Carl Berg Trustee loaned Mobiquity \$1 million. In December 2014, Sherry Berg-Zorn loaned Mobiquity \$50,000. An additional \$500,000 was loaned in January 2015 by the Clyde J. Berg CRT. In February 2015, Berg & Berg Enterprises loaned \$850,000 to Mobiquity. On July 31, 2015, the Company agreed on behalf of the aforementioned debt holders (in anticipation of the \$500,000 loan referenced in the next paragraph by Berg & Berg Enterprises) that the principal and accrued interest on these Notes aggregating \$3.4 million are now convertible at \$.30 per share. Further, for every \$1.00 principal and accrued interest thereon converted, the Note Holder will receive a five-year warrant to purchase one share of common stock at an exercise price of \$.50 per share. No other securities will be issued to the Note Holders upon conversion of their securities. In August 2015, Berg & Berg Enterprises loaned an additional \$500,000 to us and received prepaid interest of 500,000 shares of common stock and warrants to purchase an additional 500,000 shares at \$.40 per share through August 31, 2017. The Berg & Berg Enterprise note is convertible at \$.30 per share and is repayable at the earlier of December 31, 2016 or the completion of an equity financing of at least \$2.5 million. The Note Holder also has the right to elect to convert the \$500,000 note into equity securities of our company on the same terms as the last equity transaction completed by us. In August 2015, Mr. and Mrs. Anthony Abbruzzese loaned \$105,000 to us and received prepaid interest of 105,000 shares of common stock and warrants to purchase an additional 105,000 shares at \$.40 per share through August 31, 2017. The Abbruzzese note is convertible at \$.30 per share and is repayable at the earlier of December 31, 2016 or the completion of an equity financing of at least \$2.5 million. The Note Holder also has the right to elect to convert the \$105,000 note into equity securities of our company on the same terms as the last equity transaction completed by us.

In September and October 2015, the Company raised an additional \$3,070,000 through the issuance of its unsecured debt on the same terms as set forth in the preceding paragraph. The Company issued 3,070,000 shares of Common Stock and warrants to purchase a like number of shares as prepaid interest. Of the \$3,070,000, Berg & Berg Enterprises invested an additional \$500,000. In December 2015, Berg & Berg Enterprises also purchase 200,000 shares of the Company's preferred stock convertible into 10,000,000 shares of common stock with anti-dilution protection for 2016.

### **Assignment of Secured Promissory Note**

In December 2013, 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 June 12, 2014, which was subsequently extended to December 22, 2014 and again extended to December 31, 2015, 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. In December 2015, Mr. Arnost extended the due date of the note to December 31, 2016 and the Company agreed to lower the conversion price to \$.20 per share. The Company has the right to prepay the note, subject to Mr. Arnost's right of conversion.

Item 7A. Qualitative 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 8. Financial Statements

Financial Statements and Supplementary Data

The report of the Independent Registered Public Accounting Firm, Financial Statements and Schedules are set forth herein.

**MOBIQUITY TECHNOLOGIES, INC.**

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Stockholders of

Mobiquity Technologies, Inc.

We have audited the accompanying consolidated balance sheets of Mobiquity Technologies, Inc. as of December 31, 2015 and 2014, and the related consolidated statements of income, stockholders' deficit, and cash flows for each of the years in the two year period ended December 31, 2015. Mobiquity Technologies, Inc.'s management is responsible for these consolidated financial statements. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Mobiquity Technologies, Inc. as of December 31, 2015 and 2014, and the results of its operations and its cash flows for each of the years in the two year period ended December 31, 2015, in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company has suffered net losses since inception and has accumulated a significant deficit. These factors raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this

uncertainty.

*/s/ Sadler, Gibb & Associates, LLC*

Salt Lake City, UT

March 30, 2016

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**MOBIQUITY****TECHNOLOGIES, INC.**

## Consolidated Balance Sheets

December 31,	2015	2014
Assets		
Current Assets:		
Cash and cash equivalents	\$2,044,662	\$1,654,171
Accounts receivable, net	323,313	445,892
Inventory, net	117,893	190,854
Prepaid expenses and other current assets	634,372	152,502
Total Current Assets	3,120,240	2,443,419
Property and equipment, net	103,355	262,480
Intangible assets, net	65,717	94,328
Other assets	41,858	33,741
Total Assets	\$3,331,170	\$2,833,968
Liabilities and Stockholders' Deficit		
Current Liabilities:		
Accounts payable	\$538,632	\$609,957
Accrued expenses	474,000	369,383
Derivative liability	576,557	—
Convertible promissory notes	4,276,194	322,000
Total Current Liabilities	5,865,383	1,301,340
Long-term portion of convertible promissory notes	1,571,773	2,573,979
Total Liabilities	7,437,156	3,875,319
Stockholders' Deficit:		
Preferred Stock, \$.0001 par value; 5,000,000 shares authorized, 200,000 and zero shares issued and outstanding at December 31, 2015 and December 31, 2014 respectively	20	—
Common stock, \$.0001 par value; 200,000,000 and 200,000,000 shares authorized; 78,781,757 and 64,818,243 shares issued and outstanding at December 31, 2015, and December 31, 2014, respectively	7,887	6,482
Additional paid-in capital	36,356,626	28,966,269
Accumulated other comprehensive income (loss)	1,072	(2,236 )
Accumulated deficit	(40,471,590)	(30,011,866)
Total Stockholders' Deficit	(4,105,985 )	(1,041,351 )
Total Liabilities and Stockholders' Deficit	\$3,331,170	\$2,833,968

*See notes to consolidated financial statements.*

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**MOBIQUITY****TECHNOLOGIES, INC.**

## Consolidated Statements of Operations

Years Ended December 31,	2015	2014
Revenues		
Product revenue	\$2,491,875	\$3,108,450
Service revenue	–	149,500
	2,491,875	3,257,950
Cost of Revenues		
Cost of product revenue	1,627,851	1,860,171
Cost of service revenue	–	244,032
	1,627,851	2,104,203
Gross Profit	864,024	1,153,747
Operating Expenses:		
Selling, general and administrative	11,549,375	11,086,616
Total Operating Expenses	11,549,375	11,086,616
Loss from Operations	(10,685,351)	(9,932,869 )
Other Income (Expense):		
Interest expense	(996,011 )	(251,394 )
Interest income	41	164
Change in derivatives	1,221,597	–
Loss on extinguishment of debt	–	(322,000 )
Total Other Income (Expense)	225,627	(573,230 )
Net Loss	(10,459,724)	\$(10,506,099)
Other Comprehensive Income (Loss)	3,308	(3,504 )
Net Comprehensive Loss	\$(10,456,416)	\$(10,509,603)
Net Loss Per Common Share:		
Basic and Diluted	\$(0.14 )	\$(0.17 )
Weighted Average Common Shares Outstanding:		
Basic and Diluted	72,965,632	61,664,457

*See notes to consolidated financial statements.*

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**MOBIQUITY****TECHNOLOGIES, INC.****Consolidated Statement of Stockholders' Equity**

	Preferred Stock	Common Stock	Additional Paid-in	Stock	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Treasury Stock	Total Stockholders' Equity		
	Shares	Amount	Capital	Subscription		Deficit	Shares	Amount	Equity	
Balance, at December 31, 2013	—	52,402,247	\$5,240	\$21,948,920	\$(175,000)	\$1,268	\$(19,505,767)	23,334	\$(31,501)	\$2,243,000
Common stock issued for cash, net of offering costs	—	10,867,669	1,086	3,275,224	175,000	—	—	—	—	3,451,000
Common stock issued for services	—	784,000	79	366,462	—	—	—	—	—	366,500
Common stock based compensation	—	—	—	3,117,807	—	—	—	—	—	3,117,807
Beneficial conversion feature	—	—	—	59,379	—	—	—	—	—	59,379
Exercise of options and warrants	—	566,536	57	149,943	—	—	—	—	—	150,000
Common stock issued in exchange for interest	—	62,791	6	26,994	—	—	—	—	—	27,000
Common stock issued for prepaid services	—	135,000	14	53,041	—	—	—	—	—	53,055
Treasury share cancellation	—	—	—	(31,501)	—	—	(23,334)	31,501	—	—
Net Loss	—	—	—	—	—	\$(3,504)	\$(10,506,099)	—	—	(10,509,603)
Balance, at December 31, 2014	—	64,818,243	\$6,482	\$28,966,269	\$—	\$(2,236)	\$(30,011,866)	—	—	\$2,243,000