

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

Mobiquity Technologies, Inc.
Form 10-K
April 14, 2017

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, 2016

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 No

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

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

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, 2016 the number of shares of Common Stock held by non-affiliates was approximately 71,175,872 shares based upon 80,176,434 shares of Common Stock outstanding. The approximate market value based on the last sale (i.e. \$.10 per share as of June 30, 2016) of the Company's Common Stock was approximately \$7,117,587.

The number of shares outstanding of the Registrant's Common Stock, as of April 5, 2017, was 185,201,768.

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.

TABLE OF CONTENTS

	PAGE
<u>Item 1 Business</u>	1
<u>Item 1A Risk Factors</u>	11
<u>Item 1B Unresolved Staff Comments</u>	21
<u>Item 2 Properties</u>	21
<u>Item 3 Legal Proceedings</u>	21
<u>Item 4 Mine Safety Disclosures</u>	21
<u>Item 5 Market for Common Equity, related Stockholders Matters, and Issuer</u>	22
<u>Item 6 Selected Financial Data</u>	24
<u>Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	24
<u>Item 7A Qualitative and Quantitative Disclosures about Market Risk</u>	29
<u>Item 8 Financial Statements</u>	29
<u>Item 9 Changes in and Disagreements with Accountants on Accounting and Financial Disclosure</u>	30
<u>Item 9A Controls and Procedures</u>	30
<u>Item 9B Other Information</u>	31
<u>Item 10 Directors, Executive Officers and Corporate Governance</u>	32
<u>Item 11 Executive Compensation</u>	37
<u>Item 12 Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u>	45
<u>Item 13 Certain Relationships and Related Transactions and Director Independence</u>	46
<u>Item 14 Principal Accountant Fees and Services</u>	50
<u>Item 15 Exhibits and Financial Statement Schedules</u>	51

Item 1. Business

Introduction

Mobiquity Technologies, Inc., a New York corporation (the “Company”), is the parent company of two operating subsidiaries; Mobiquity Networks, Inc. (“Mobiquity Networks”) and Ace Marketing & Promotions, Inc. (“Ace Marketing”). The Company’s wholly-owned subsidiary, Mobiquity Networks has evolved and grown from a mobile advertising technology company focused on Driving Awareness and Foot-traffic throughout its indoor mall-based beacon network, into a next generation mobile location data and marketing company. Mobiquity Networks provides precise unique, at-scale location-based data and insights on consumer’s real world behavior and trends for use in marketing and research. With our combined data sets of shopping malls, premium outlets and cinemas beacon data, and first party location data via our advanced Software Development Kit (“SDK”) utilizing multiple geo-location technologies, Mobiquity Networks provides one of the most accurate and scaled solution for mobile data collection and analysis. Mobiquity Networks is seeking to create several new revenue streams from the mobile data collection and analysis, including, but not limited to; Push Notification Campaigns, Mobile Audiences & Segments, real-time Data Provision, Attribution Reporting and Custom Research. The Company is also attempting to reduce expenses by renegotiating certain Mall Developer Agreements.

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.

Mobiquity Networks

Mobiquity Revenue Streams

Mobiquity Networks is seeking to create several new revenue streams from the mobile data collection and analysis, including, but not limited to; Push Notification Campaigns, Mobile Audiences and Segments, real-time Data Provision, Attribution Reporting and Custom Research as described below.

Push Notification Campaigns

Push notification campaigns are ideal for drive in-store traffic by reaching consumers before they decide where to shop and what to buy in malls and shopping center common areas.

Data collected with push notifications can:

- Increase your client's revenue potential by driving in-store traffic;
- Enable real time, location based in-app engagement; and
- Enhance interaction by providing localized, relevant content.

Mobile Audiences

Mobiquity's Mobile Audiences enables advertisers to create specific audience segments based on user's real world behaviors. With tracking of over 500 plus brands to understand consumer behavior and affinity, the platform provides unparalleled accuracy and precision due to the volume of user data points and our understanding of dwell time at locations.

Mobiquity Mobile Audiences:

- Retrieve over 600 existing geo-behavioral segments based on visitation to specific locations, chain and merchants;

- Include event attendance, home/work locations and motion into your audiences;

- Create custom or use standard audiences like: frequent store visitors, in-market auto buyers, consumers with homes in specific zips/DMA's; and

- Are provided directly to client systems or via standard services.

Location Data Feeds

Looking to substantially increase the number of unique devices on your own location data platform? Mobiquity's Location Data Feed will provide clients with millions of first party unique devices and associated meta data to use with clients own places database.

With location data feeds, clients have access to:

- Location data from millions of devices;
- Updates on client's schedule which can be real-time, daily, monthly; and
- Includes data on operating system, timestamp, latitude, longitude and more relevant data.

Campaign Attribution

Mobiquity clients can now determine impact of its advertising campaigns on its in-store visits and store traffic patterns by leveraging our platform to collect and analyze location data for a clear view of how effectively client campaigns are in driving consumers to its stores.

With Mobiquity Mobile Audiences, clients can have real time information on:

- Footfall attribution;

- Insights of daily conversion;

- Insights on visit time and dwell time; and

- Geographical and Audience analysis.

Footfall, Audience & Path Reporting

Customized reports provide our clients with a deeper understanding of consumer behaviors, store location performance, new store site selection and marketing strategy.

Reports include:

- Visit analysis by time & trends by time of day, week and month;
- Distance from home/work of store locations;
- Performance, trends, and comparisons of store locations;
- Dwell time and frequency comparisons by store locations;
- Competitive analysis;
- Locations visited before and after the desired points of interest(“POI”); and
- Correlation between POIs visited and distance from key locations

What Mobiquity Networks is about

Mobiquity Networks is a location data marketing and insights company. We provide accurate and precise location on millions of mobile devices to help marketers and researchers better find and understand their audiences. All of our data is first party supplied by our SDK installed within dozens of class "A" app partner's apps. First party data is considered the most valuable and accurate that can be collected from an SDK. All data provided by Mobiquity Networks is deterministic with a high degree of accuracy and precision.

Mobiquity Networks' data is unique for the following reasons:

- Massive Scale: 15 million plus unique devices;
- Unique (exclusive) data from our owned & operated network of beacons in class "A" malls, shopping outlets and cinemas. In the united states, indoor locations represent approximately 30% of major retail locations;
- Data Density: 100 plus data points collected per user/day;
- Spatial Precision: 85% accurate within less than 30 feet;
- Verified Visits: frequency and dwell time in store utilized to determine real consumer visits;
- Diverse Data: found in dozens of mobile apps that utilize precise location; and
- Privacy Compliant: all user privacy is one hundred percent compliant and transparent.

Mobiquity Networks determines a location visit by utilizing all the location sensors built into a mobile device: GPS, Bluetooth, Wi-Fi and motion sensors. To be considered a verified visit a device must have triggered an enter location event (GPS, Wi-Fi, Bluetooth), had a set amount of accuracy to the location event and dwelled at the location for a set amount of time. A typical definition of a verified visit would be a device that was seen at a location in the last 30 days, dwelled at the location for a minimum of 10 minutes and had a high degree of accuracy.

Strategy

Mobiquity Networks derives its revenue utilizing the revenue streams mentioned above. All of the products used to derive revenue for the Company are reliant on the collection of data. To achieve management's revenue goals moving forward, we have developed a strategy to increase the two main driving forces behind our data collection. One strategy is to increase the total number of users we see on a monthly basis ("MAU"), and the second strategy is to increase the total number of locations (Places) available to see our MAU's visit over the same time period. We are currently seeing approximately 13,000,000 unique mobile devices by the MAU on a monthly basis and roughly 20,000,000 unique devices for the first 100 days of 2017. The ability to see and collect the data required from these unique devices comes from the installation of our proprietary Software Development Kit (SDK) into third party mobile applications (Apps). To continue to grow the total number of unique devices we can see on a monthly basis, we need to have our SDK installed in more third party Apps. We believe our unique offering to potential App partners gives us a competitive advantage over others in the industry. The task of partnering with third party Apps for installation of our SDK is handled internally by our business development team.

As of March 31, 2017, we had approximately 200,000 Places in our proprietary Places database, and that number should increase to over 4,000,000 Places by the end of the second quarter 2017, thus exponentially increasing the amount of data we collect. We have been able to steadily increase the number of locations available in our Places database through the use of both open source and proprietary technologies. The task of growing our Places database is handled by our internal technology team. The Company currently utilizes both internal and outsourced resources to market and sell its product offerings. Management intends to hire additional sales personnel in the last three quarters of 2017 as working capital permits.

Agreements

Due to the evolution of the Mobiquity Network's business model, our agreements with the Mall developers are no longer considered essential to our business operations as our Places data base has grown to approximately 4 million locations making malls a subset within our retail category. This is the major reason why we have allowed many of our mall developer contracts to be terminated by the other parties. We continue to have active agreements with Preit and Rouse malls on a revenue sharing basis covering an aggregate of 55 malls and an agreement with Simon Property malls covering about 195 malls, which agreement will expire no later than December 31, 2017. Since April 2016, this agreement is being financed through lines of credit totaling \$2.7 million which lines of credit have been assigned to us by two stockholders in exchange for our common stock. See "Item 13." This agreement is anticipated to be in default if the lines of credit are not reissued by us by the beginning of June 2017, unless a new agreement is entered into prior to that time. For a description of our prior mall agreements, reference is made to "Item 1" of our Form 10-k for the fiscal year ended December 31, 2015.

We have entered into agreements with many third party app partners such as LiveRamp. LiveRamp is an Acxiom company, located in the technology hub of San Francisco, delivering privacy-safe solutions to market and honoring the best practices of leading associations, including the Digital Advertising Alliance's (DAA) ICON and App Choices programs, the Interactive Advertising Bureau, the Data & Marketing Association, and the Advertising Research Foundation. Through our agreement with LiveRamp, we have the ability to make our Mobile Audiences Product available to nearly all buyers interested in such data.

Our Proprietary Technology Platform

Mobiquity Networks has developed a highly accurate and scalable proprietary cloud based mobile location platform to allow millions of connected mobile devices to easily and securely log billions of events per day and receive timely user notifications in real-time.

The Mobiquity Networks' platform analyzes a combination of raw GPS, Wi-Fi and iBeacon radio signals when collecting mobile data to identify user patterns in densely populated urban areas, and even inside stores or desired points of interest. This data is additionally analyzed and enriched with how often users visit specific locations, and how much time they spend at each location. The resulting combined contextual data ensures clients receive highly accurate insights into consumers' offline behavior and purchase intent.

The Mobiquity Networks platform is hosted and managed on Amazon Web Service (AWS) and takes full advantage of open standards for processing, storage, security and big data technology. Specifically, the Mobiquity Networks platform uses the following AWS services: EC2, Lambda, Kafka, Kinesis, S3, Storm, Spark, Machine Learning, RDS, Redshift, Elastic Map Reduction, CloudWatch, and Elastic Search Service with built-in Kibana integration.

Mobiquity Networks' unique approach to validating mobile device location visits produces extremely precise and accurate location data with its publisher application SDK.

The Mobiquity Networks' SDK for iOS and Android is a proprietary intelligent replacement for iOS CLLocationManager and the Android Location Manager technology. It provides all the existing location manager functionality plus adds the following benefits:

advanced location technology capabilities (such as always-on location services, enhanced accuracy, lower battery drain, and others),

automatic venue recognition,

access to storefront and venue map database, and

a detailed location analytics

Mobiquity Networks' SDK enables partner publishers to add enhanced location capabilities, and therefore personalized experiences, to their mobile applications without the need for location expertise.

Mobiquity Networks has assembled a comprehensive location database to convert geographical coordinates to a physical address in the real world. Mobiquity Networks built its own database because existing location databases did not have good enough data to resolve accurate places for user visits. This database includes the street level venue storefronts and entrance for businesses in the U.S., addresses, building polygons, venue polygons, and other related points of interest information. Currently this database has over 4 million locations and continues to be populated thereby improving the platforms' algorithm for user visit accuracy.

Utilizing massively parallel cluster computing and machine learning algorithms and technology, Mobiquity Networks processes user dwell-time and frequency of visit data within iBeacons, Wi-Fi and GPS signals to segment highly targetable audiences for mobile marketing. This data processing provides valuable, actionable geo-behavioral data for advertisers and application publishers and made available through an automated platform.

Figure 2 – Data Collection, Processing and Development

The Mobiquity Networks platform automatically synchronizes audience data to various Data Management Providers (DMP), Demand Side Providers (DSP), trading desks and other partners using its marketplace connection application programmer interfaces (API).

Publishing partners are given access to a comprehensive dashboard to view mobile device traffic and audience segment information of their application user base. This information can be both viewed and access via API to incorporate into internal client systems.

Intellectual Property

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 then existing platform. This has allowed us to evolve as new technologies emerge. To date, we have published for four patents and two have been approved. We believe that our intellectual property is a valuable asset to us as we move forward with our technology platform.

Governmental Regulations

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. 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. See “Risk Factors.”

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. See “Risk Factors. “

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 location-based mobile data, marketing and research 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 Placed, PlaceIQ, Factual, xAd and Foursquare. Although we can give no assurance that our business will be able to compete against other companies with greater experience and resources, we believe we have a competitive advantage with our proprietary Places Database, software and technology platform. As previously mentioned, we have the exclusive rights to provide Bluetooth marketing services in the common area for various shopping malls. This gives us the ability to compete with these other companies to provide indoor data based upon the exclusive rights in such malls.

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 16 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, 2016, 2015 and 2014 of \$10,701,503, \$10,459,724 and \$10,506,099, respectively. As of December 31, 2016, we had an accumulated deficit of \$51,182,093. For the year ended December 31, 2016, we have had negative cash flows from operating activities of \$5,929,852. 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 \$51,182,093 at December 31, 2016. We have incurred net losses for the years ending December 31, 2016, 2015 and 2014 of \$10,710,503, \$10,459,724 and \$10,506,099, 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 \$65,932 in revenues from its operations for the year ended December 31, 2016. 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 Mobiquity Network business.

We entered into convertible promissory notes in the aggregate amount of \$1,600,000 which are secured by all of our assets. These notes have a current maturity dates beginning on August of 2017, but the noteholder has the right to call the note at any time, which could adversely affect our liquidity and capital resources. On March 31, 2017, we issued secured promissory notes in the aggregate amount of \$1,100,000 to two non-affiliated investors and an additional \$500,000 is expected to be issued in late April 2017. The maturity date of the notes is August through October 2017. The payment of these notes at maturity 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 these notes as they become due and payable.

We are focusing the majority of our attention on our Mobiquity Networks data collection and analysis 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. We expect that Mobiquity Networks will generate the majority of our revenue by the end of 2017, 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.

We did not receive any significant revenues from our new Mobiquity business in 2016 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 and product offerings in the manner in which we anticipate. As such, we cannot accurately predict the volume or timing of any future revenues.

Our Mobiquity Network business is dependent upon our successful integration of our SDK into various third party applications (or apps) publishers to collect and analyze data and create product offerings from the data collected. For us to create and expand our business model, we are dependent upon entering into agreements with mobile application third party publishers. The greater the number of publisher apps into which our SDK is embedded, the greater number of original data we can collect and analyze. 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. Currently, we have not generated significant revenue from this new and unproven segment of our business. While we intend to market our Mobiquity products and services, there is a risk that our location-based mobile data collection and analysis will be unable to compete with large, medium and small competitors that are in (or may enter) the industry with substantially larger resources and management experience.

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 Mobiquity Networks. 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 Networks solution 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. 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 data collection and analysis market in which we plan to compete is 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. 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 2016, we raised over \$21 million in private equity and debt financing to support our transformation from an integrated marketing company to a 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 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 business in 2017 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 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.

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 data 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 technologies and improve our existing technologies and processes on a schedule that keeps pace with technological developments and the requirements for 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.

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.

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, 2016, one customer accounted for approximately 35% of net revenues for our branded merchandise as compared to a customer accounting for approximately 38% 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:

- 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 principal stockholders, 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 principal stockholders, directors and executive officers beneficially own, in the aggregate, approximately 31% 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 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.

Our lease for approximately 2,000 square feet of space at an annual cost of approximately \$30,150 (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 year.

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 have closed this facility and consolidated our efforts moving our activities back to the United States.

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 \$4,700 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, 2016	\$.23	\$.08
June 30, 2016	.16	.07
September 30, 2016	.11	.02
December 31, 2016	.06	.01
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, 2016 was \$.06 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 4, 2017, there were 149 holders of record of our common stock and approximately 627 additional beneficial holders of our common stock. 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 2016, we had no sales or issuances of unregistered common stock, except we made sales or issuances of unregistered securities listed in the table below:

Date of Sale	Title of Security	Number Sold	Consideration Received and Description of Underwriting or Other Discounts to Market Price or Convertible Security, Afforded to Purchasers	Exemption from Registration Claimed	If Option, Warrant or Convertible Security, terms of exercise or conversion
Jan. – March 2016	Preferred Stock	40,000 shares	\$400,000; no commissions paid	Section 4(2); Rule 506	Each Preferred Share is convertible into 50 shares of Common Stock and subject to anti-dilution protection for 2016
Jan. – June 2016	Common Stock	940,000 shares	Services rendered; no commissions paid	Section 4(2)	Not applicable
Third Quarter 2016	Convertible Promissory Notes	\$700,000 in principal amount, also issued 4,900,000 shares of common stock as pre-paid interest	\$700,000; no commissions paid	Section 4(2); Rule 506	Convertible at the lower of \$.20 per share or the next completed equity transaction of at least \$10,000,000; in the event of conversion, there is 100% warrant coverage with a term of three years exercisable at \$.20 per share
Fourth Quarter 2016	Common Stock	Exercise of Warrants/options- 11,908,335 common shares	\$595,417	Section 3(a)(9)	Exercise of warrants/ options at \$.05 per share

RECENT PURCHASES OF SECURITIES

In 2016, 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

Mobiquity Technologies, Inc., a New York corporation (the "Company"), is the parent company of two operating subsidiaries; Mobiquity Networks, Inc. ("Mobiquity Networks") and Ace Marketing & Promotions, Inc. ("Ace Marketing"). The Company's wholly-owned subsidiary, Mobiquity Networks has evolved and grown from a mobile advertising technology company focused on Driving Awareness and Foot-traffic throughout its indoor mall-based beacon network, into a next generation mobile location data and marketing company. Mobiquity Networks provides precise unique, at-scale location-based data and insights on consumer's real world behavior and trends for use in marketing and research. With our combined data sets of shopping malls, premium outlets and cinemas beacon data, and first party location data via our advanced Software Development Kit ("SDK") utilizing multiple geo-location technologies, Mobiquity Networks provides one of the most accurate and scaled solution for mobile data collection and analysis. Mobiquity Networks is seeking to create several new revenue streams from the mobile data collection and analysis, including, but not limited to; Push Notification Campaigns, Mobile Audiences & Segments, real-time Data Provision, Attribution Reporting and Custom Research. The Company is also attempting to reduce expenses by renegotiating certain Mall Developer Agreements.

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.

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. Revenue is recognized with the billing of an advertising contract or data sale. 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 are normally in short duration periods. The second type of revenue is through the licensing of our data. Revenue from data can occur in two ways; the first is a direct feed, which is billed at the end of each month. The second way is through the purchasing of audience segments. When an audience segment is purchased, we bill the buyer upon delivery, which is usually 1-2 days for the order date.

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

Mobiquity Networks derives its revenue utilizing the revenue streams mentioned above. All of the products used to derive revenue for the Company are reliant on the collection of data. To achieve management’s revenue goals moving forward, we have developed a strategy to increase the two main driving forces behind our data collection. One strategy is to increase the total number of users we see on a monthly basis (“MAU”), and the second strategy is to increase the total number of locations (Places) available to see our MAU’s visit over the same time period. We are currently seeing

approximately 13,000,000 unique mobile devices by the MAU on a monthly basis and roughly 20,000,000 unique devices for the first 100 days of 2017. The ability to see and collect the data required from these unique devices comes from the installation of our proprietary Software Development Kit (SDK) into third party mobile applications (Apps). To continue to grow the total number of unique devices we can see on a monthly basis, we need to have our SDK installed in more third party Apps. We believe our unique offering to potential App partners gives us a competitive advantage over others in the industry. The task of partnering with third party Apps for installation of our SDK is handled internally by our business development team.

As of March 31, 2017, we had approximately 200,000 Places in our proprietary Places database, and that number should increase to over 4,000,000 Places by the end of the second quarter 2017, thus exponentially increasing the amount of data we collect. We have been able to steadily increase the number of locations available in our Places database through the use of both open source and proprietary technologies. The task of growing our Places database is handled by our internal technology team. The Company currently utilizes both internal and outsourced resources to market and sell its product offerings. Management intends to hire additional sales personnel in the last three quarters of 2017 as working capital permits.

Results of Operations

Year Ended December 31, 2016 versus Year Ended December 31, 2015

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	
	2016	2015
Revenue	\$2,268,523	\$2,491,875
Cost of Revenues	1,603,500	1,627,851
Gross Profit	665,023	864,024
Operating Expenses	8,950,494	11,549,375
Loss from operations	(8,285,471)	(10,685,351)
Net Loss	(10,710,503)	(10,459,724)
Other comprehensive Income (Loss)	(14,119)	3,308
Net comprehensive loss	(10,724,622)	(10,456,416)
Net Loss per common Share	(.13)	(.14)
Weighted average common Shares outstanding	83,575,215	72,965,632

We generated revenues of \$2,268,523 in fiscal 2016 compared to \$2,491,875 in the same period for fiscal 2015, a change in revenues of \$223,352. We have expended a large portion of our resources and man power in expanding our mobi segment and less time in our branded merchandise. In 2017, we anticipate our future revenues increasing in our Mobiquity Networks subsidiary due to expanded efforts in the sales of big data.

Cost of revenues was \$1,603,500 or 70.7% of revenues in fiscal 2016 compared to \$1,627,851 or 65.3% of revenues in the same fiscal period of fiscal 2015. Cost of revenues includes purchases and freight costs associated with the shipping of merchandise to our customers. The change in cost of revenues in 2016 is related to volume and product mix of the products our customers purchased.

Gross profit was \$665,023 for fiscal 2016 or 29.3% of net revenues compared to \$864,024 in the same fiscal period of 2015 or 34.7% of revenues. Gross profits will vary period-to-period depending upon a number of factors including the mix of items sold and the volume of product sold. Also, it is our practice to pass freight costs on to our customers with low to no profit margin. As revenues from the use of our Mobiquity devices increases, it is expected that our margins will increase significantly.

Selling, general, and administrative expenses were \$8,950,494 for fiscal 2016 compared to \$11,549,375 in the comparable period of the prior year. Such operating cost reductions include payroll and related expenses, commissions, insurance, rents, fee payments to malls, professional (consulting) and public awareness fees. The corporation has been trimming expenses in order to shift its efforts in obtaining a new revenue stream.

The net loss for 2016 was \$10,710,503 as compared to \$10,459,724 for the comparable period of the prior year. As a result of other comprehensive income (losses) totaling \$(14,119) for 2016 and \$3,308, for 2015, our net comprehensive loss for 2016 was \$10,724,622 as compared to \$10,456,416 for the comparable period of the prior year. The continuing operating loss is attributable to the focused effort in creating the infrastructure required to move forward with our Mobiquity network business.

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 \$213,184 at December 31, 2016. Cash used by operating activities for the year ended December 31, 2016 was \$5,929,852. This resulted from a net loss of \$10,710,503, partially offset by non-cash expenses, including depreciation and amortization of \$159,234, stock based compensation of \$683,036, stock issued for services of \$122,730, impairment of long-lived assets of \$223,487. Cash used in investing activities amounted to \$283,684, which funds were used to expand our intellectual platform. Cash provided by financing activities of \$4,396,177 was the result of the sale of our company preferred stock in the amount of \$400,000, proceeds from exercising warrants, and net of offering costs proceeds from loans in the amount of \$3,400,760.

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.

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

In 2015 and 2016, we have completed the various financing summarized below.

Date	Dollar Amount	# of Securities Sold
------	---------------	----------------------

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

January 2015	\$ 500,000	Issued two-year promissory note in the principal amount of \$500,000
February 2015	\$ 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-March 2016	\$ 2,400,000	Issued 240,000 shares of preferred stock convertible into 12,000,000 shares of common stock with anti-dilution protection for 2016
April – May 2016	\$ 1,025,000	Issued convertible promissory notes in the principal amount of \$1,025,000, convertible at \$.20 per share with 100% warrant coverage.
Third Quarter 2016	\$ 700,000	Issued short term convertible promissory notes in the principal amount of \$700,000 and prepaid interest of 4,900,000 common shares.
Fourth Quarter 2016	\$ 595,417	Exercise of outstanding warrants/options at \$.05 per share and issuance of approximately 11,908,335 shares of common stock.

First Quarter 2017 Loan Agreements and Certain Transactions

Prior to the February 28, 2017 sale of secured debt, the Company's holders of all of its Series AA preferred stock and substantially all of its outstanding debt both secured and unsecured (approximately \$12.1 million) have been converted into equity securities of the Company as outlined below. It should be noted that the capital transactions below were based on a premium to the average closing sale price of \$0.045 per share during the 60 day period prior to February 08, 2017.

On February 28, 2017, the Company entered into an agreement with a two non-affiliated persons to provide \$1.6 million of short term secured debt financing in three monthly tranches, with the first monthly tranche in the amount of \$600,000. The Company will issue in connection with each tranche, six-month secured convertible promissory note(s). Each note is initially convertible at \$.05 per share. Any prepayment of the note requires the payment of a 25% premium and guaranteed interest for the entire six-month note. In the case of default, the amount owed by the Company will become 130% of the outstanding principal and accrued interest thereon. The Conversion Price will rest in the event that the note is unpaid and in default on the sixth month anniversary date of the issuance of the note. In connection with this transaction, the Company agreed to issue an origination fee of 1,600,000 shares of restricted common stock. Alexander Capital L.P. acted as Placement Agent and Advisor for this transaction.

As of April 5, 2017, the Company has outstanding 185,201,768 shares of common stock, 1,118,538 shares of newly designated Series AAA preferred stock and \$1,350,000 of convertible notes. The convertible notes consist of \$1,200,000 of secured notes and \$150,000 of unsecured notes. Of the 1,118,538 shares of Series AAA preferred stock outstanding, 240,000 Series AA preferred stock with an original cost basis of \$2.4 million were converted into Series AAA preferred stock. The remaining 878,538 shares of Series AAA preferred stock were issued in exchange for the conversion of principal and accrued interest of approximately \$8,785,380 of unsecured debt. The terms of the Series AAA preferred stock can be summarized as follows:

The price of each preferred share may be convertible into common stock with an equivalent purchase price of \$.10 per common share. If the preferred shares are converted, the subscriber will then receive 100% warrant coverage, with each warrant exercisable at \$.05 per share with a cash payment to the Company through the close of business on December 31, 2019. The preferred shares have no voting or other preferences except as required by law other than the right of conversion described above and a liquidation preference equal to \$.01 per share.

Thomas Arnost, our Executive Vice Chairman, and another principal stockholder agreed to convert letters of credit in the principal amount of \$2,700,000 and \$322,000 of secured debt into shares of common stock at the then marketing price of \$.05 per share. Accrued interest on these obligations were either previously converted into our common stock or were upon conversion of the principal, converted into common stock at the fair market value of our common stock at each interest accrual date.

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.

MOBIQUNITY TECHNOLOGIES, INC.

Index to Financial Statements

CONTENTS

<u>YEARS ENDED DECEMBER 31, 2016 AND 2015</u>	PAGES
CONSOLIDATED FINANCIAL STATEMENTS	
<u>Report of Independent Registered Public Accounting Firms</u>	F-1
<u>Consolidated Balance Sheets</u>	F-2
<u>Consolidated Statement of Operations</u>	F-3
<u>Consolidated Statement of Stockholders' Deficit</u>	F-4
<u>Consolidated Statements of Cash Flows</u>	F-5
<u>Notes to Consolidated Financial Statements</u>	F-6

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Mobiquity Technologies, Inc.

We have audited the accompanying consolidated balance sheets of Mobiquity Technologies, Inc. (“the Company”) as of December 31, 2016 and 2015, and the related consolidated statements of operations, stockholders’ deficit, and cash flows for each of the years in the two year period ended December 31, 2016. These financial statements are the responsibility of the Company’s management. 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, 2016 and 2015, and the results of its operations and its cash flows for each of the years in the two year period ended December 31, 2016, 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 experienced recurring losses from operations and has an accumulated deficit as of December 31, 2016 which raises substantial

doubt about its ability to continue as a going concern. Management's plans concerning 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

April 14, 2017

F-1

MOBIQUITY**TECHNOLOGIES, INC.**

Consolidated Balance Sheets

December 31,	2016	2015
Assets		
Current Assets:		
Cash and cash equivalents	\$213,184	\$2,044,662
Accounts receivable, net	298,928	323,313
Inventory, net	79,291	117,893
Prepaid expenses and other current assets	38,929	634,372
Total Current Assets	630,332	3,120,240
Property and equipment, net	15,392	103,355
Intangible assets, net	37,117	65,717
Other assets	43,332	41,858
Total Assets	\$726,173	\$3,331,170

Liabilities and Stockholders' Deficit