

ACE MARKETING & PROMOTIONS INC  
Form 10-Q  
August 14, 2012

**SECURITIES AND EXCHANGE COMMISSION**

**WASHINGTON, D.C. 20549**

**FORM 10-Q**

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

**FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2012**

**COMMISSION FILE NUMBER: 000-51160**

**ACE MARKETING & PROMOTIONS, INC.**

(Exact name of registrant as specified in its charter)

NEW YORK 11-3427886  
(State of jurisdiction of Incorporation) (I.R.S. Employer Identification No.)

**600 OLD COUNTRY ROAD, SUITE 541**

**GARDEN CITY, NY 11530**

(Address of principal executive offices)

**(516) 256-7766**

(Registrant's telephone number)

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

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

Yes  No

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

Yes  No

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

Large Accelerated Filer  Accelerated Filer   
Accelerated Filer  Smaller Reporting Company

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

Yes  No

As of June 30, 2012, the registrant had a total of 26,075,388 shares of Common Stock outstanding.

**ACE MARKETING & PROMOTIONS, INC.**

**FORM 10-Q QUARTERLY REPORT**

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**ACE MARKETING &  
PROMOTIONS, INC.**

Condensed Consolidated Balance Sheets	June 30, 2012 Unaudited	December 31, 2011 Audited
Assets		
Current Assets:		
Cash and cash equivalents	\$508,775	\$605,563
Accounts receivable, net of allowance for doubtful accounts of \$20,000 at June 30, 2012 and December 31, 2011	366,611	534,924
Prepaid expenses and other current assets	498,263	342,641
Total Current Assets	1,373,649	1,483,128
Property and Equipment, net	810,474	714,864
Other Assets	27,501	7,745
Total Assets	\$2,211,624	\$2,205,738
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts payable	\$271,454	\$399,924
Accrued expenses	87,229	121,821
Total Current Liabilities	358,683	521,745
Long Term Liability		
Note Payable	350,000	-
Commitments and Contingencies		
Stockholders' Equity:		
Preferred Stock, \$.0001 par value; 5,000,000 shares authorized, 470,000 and 0 shares issued and outstanding at June 30, 2012 and December 31, 2011 respectively	47	-
Common stock, \$.0001 par value; 100,000,000 shares authorized; 26,075,388 and 23,284,236 shares issued and outstanding at June 30, 2012 and December 31, 2011, respectively	2,608	2,328
Additional paid-in capital	13,155,949	10,997,407
Accumulated deficit	(11,624,162)	(9,284,241)
	1,534,442	1,715,494
Less: Treasury Stock, at cost, 23,334 shares	(31,501)	(31,501)
Total Stockholders' Equity	1,502,941	1,683,993

Total Liabilities and Stockholders' Equity	\$2,211,624	\$2,205,738
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See notes to condensed consolidated financial statements.

**ACE MARKETING &  
PROMOTIONS, INC.**

Condensed Consolidated Statements of Operations

	Three Months Ended June 30, Unaudited		Six Months Ended June 30, Unaudited	
	2012	2011	2012	2011
Revenues, net	\$726,381	\$986,433	\$1,243,698	\$1,634,202
Cost of Revenues	546,606	812,840	966,265	1,277,623
Gross Profit	179,775	173,593	277,433	356,579
Operating Expenses:				
Selling, general and administrative expenses	1,490,249	637,137	2,492,088	1,255,253
Total Operating Expenses	1,490,249	637,137	2,492,088	1,255,253
Loss from Operations	(1,310,474 )	(463,544 )	(2,214,655 )	(898,674 )
Other Income (Expense):				
Interest expense	(414 )	(919 )	(419 )	(919 )
Beneficial Conversion Feature	(120,254 )		(120,254 )	
Interest income	110	144	226	268
Loss on abandonment of fixed assets	(4,819 )		(4,819 )	
Total Other Income (Expense)	(125,377 )	(775 )	(125,266 )	(651 )
Net Loss	\$(1,435,851 )	\$(464,319 )	\$(2,339,921 )	\$(899,325 )
Net Loss Per Common Share:				
Basic	\$(0.06 )	\$(0.02 )	\$(0.09 )	\$(0.05 )
Weighted Average Common Shares Outstanding:				
Basic	24,990,138	18,934,904	27,508,227	17,490,700

See notes to condensed consolidated financial statements.





**ACE MARKETING &  
PROMOTIONS, INC.**

Condensed Statement of Stockholders' Equity

Six Months Ended June 30, 2012

	Total Stockholders' Equity	Common Stock Shares	Amount	Additional Paid-in Capital	(Deficit)	Treasury Stock Shares	Amount	Preferred Stock Shares	Amount
Balance, at December 31, 2011	\$1,683,993	23,284,236	\$2,328	\$10,997,407	\$(9,284,241 )	23,334	\$(31,501)		
Stock Purchase	457,610	958,338	109	457,501					
Stock Grant	121,125	162,873	3	121,122					
Stock Compensation	157,182			157,182					
Net Loss	\$(904,070 )				\$(904,070 )				
Balance, at March 31, 2012	\$1,515,840	24,405,447	\$2,440	\$11,733,212	\$(10,188,311)	23,334	\$(31,501)	–	–
Stock Purchase	\$270,000	900,000	\$90	\$269,910					
Stock Purchase	470,000			469,953				470,000	\$47
Preferred Closing costs on preferred issuance	(79,500 )			(79,500 )					
Stock Grant	483,516	769,941	78	483,438					
Stock Compensation	158,682			158,682					
Beneficial Conversion	120,254			120,254					
Feature Net Loss	(1,435,851)				\$(1,435,851 )				
Balance, at June 30, 2012	\$1,502,941	26,075,388	\$2,608	\$13,155,949	\$(11,624,162)	23,334	\$(31,501)	470,000	\$47

See notes to condensed consolidated financial statements.

**ACE MARKETING &  
PROMOTIONS, INC.**

Condensed Consolidated Statements of Cash Flows Six Months Ended June 30,	2012 Unaudited	2011 unaudited
Cash Flows from Operating Activities:		
Net loss	\$(2,339,921)	