UNITED STATES
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, 2023

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from __________ to __________

Commission file number 000-13215

AIADVERTISING, INC.
(Exact name of registrant as specified in its charter)

Nevada	**30-0050402**
(State of Incorporation)	(I.R.S. Employer Identification No.)

1114 S. St. Mary's Street, Suite 120, San Antonio, TX 78210
(Address of principal executive offices) (Zip Code)

(917) 273-8429
Registrant's telephone number, including area code

Securities registered pursuant to Section 12(b) of the Act: **None**

Securities registered pursuant to section 12(g) of the Act: **Common Stock $0.001 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 ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 every Interactive Data File required to be submitted 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 such files). Yes ☒ No ☐

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

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value of the voting and non-voting common stock held by non-affiliates of the registrant was approximately $133,441 as of June 30, 2023, the last business day of the registrant's most recently completed second fiscal quarter (computed by reference to the last sale price of a share of the registrant's common stock on that date as reported by OTC Pink).

There were 1,344,231,504 shares outstanding of the registrant's common stock as of September 12, 2024.

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PART I

ITEM 1. BUSINESS

General

ABOUT US-

AiAdvertising is a next-generation AdTech company that is harnessing the power of artificial intelligence (AI) and machine learning (ML) to build software for today's marketing leaders.

OUR MISSION-

Is to partner with marketers who are looking to challenge the "status quo" and empower them with a unified solution to eliminate wasted spend, replace human guesswork with AI-enabled predictions to provide accountability and provide transparency to their marketing budget.

OURSOLUTION-

Our flagship product, the Campaign Performance Platform is the industry's first cloud-hosted end-to-end Ad Management solution. The platform empowers brands to easily target, predict, create, scale, and measure hyper-personalized campaigns.

What is AI (Artificial Intelligence)?

AI is computer science field that enables computer software to perform human-like intelligence tasks, like speech recognition, image recognition, reasoning, decision making, and learning. AI learns through observation and interaction with the world. It learns, for example, by observing humans interact with objects and people, by observing the objects themselves, and by interacting with humans.

AI isn't magic; it's math. Very advanced math that can help machines perform *well-defined intelligence tasks* better than humans. AI powers everything from self-driving cars to Amazon recommendations to image recognition that tags your friends on Facebook.

AI is an umbrella term. It encompasses many different subfields and technologies, including neural networks, natural language processing (NLP), natural language generation (NLG), and deep learning.

Machine learning is one of these subfields.

What is machine learning?

Machine learning is AI where the computer software is tasked with learning without being explicitly programmed. An AI system that uses machine learning is not always explicitly programmed with the rules of how to learn. Instead, it is allowed to learn through a combination of instruction from humans and experimentation on its own.

Over time, an AI system using machine learning can get better at the task it was built to do. It can even find its own approaches to completing a task that humans never taught it or intended it to learn. This is why there is so much excitement around AI that uses machine learning:

Unlike traditional software, which has to be manually updated by programmers, AI with machine learning can become smarter on its own. It can improve its performance on tasks over time, which can create powerful results for individuals and companies.

What is the difference between AI and machine learning?

Machine learning is always a type of AI, but AI is not always machine learning. The difference lies in the ability of an AI system to become smarter on its own. If AI can teach itself without explicit human training and get better over time, then it's true machine learning. If it can't, then some may still call it artificial intelligence, but it's more like intelligent automation with a narrow application. It can still solve problems that require human intelligence.

The Campaign Performance Platform

The Market Opportunity

According to Marketing AI Institute:

- McKinsey Global Institute estimates up to a $5.9 trillion annual impact of AI and other analytics on marketing and sales.

- PwC sees a truly global effect from AI, with an estimated 14 percent lift in global GDP possible by 2030, a total contribution of $15.7 trillion to the world economy, thanks to both increased productivity and increased consumption.

- IDC states that efficiencies driven by AI in CRM could increase global revenues by $1.1 trillion this year, and ultimately lead to more than 800,000 net-new jobs, surpassing those lost to automation.

- The COVID-19 pandemic has accelerated AI-powered digital transformation across businesses. Additional research from McKinsey cites that 25 percent of almost 2,400 business leaders surveyed said they increased AI adoption due to the pandemic.

We believe Google's announcement that it will restrict the use of third-party cookies is very close to a declaration of war against many ad-tech companies and major advertisers. "Today, we're making explicit that once third-party cookies are phased out, we will not build alternate identifiers to track individuals as they browse across the web, nor will we use them in our products," said David Temkin, Google's director of product management, ads privacy, and trust.

Ad-targeting companies such as Criteo, The Trade Desk and Magnite rely on so-called third-party browser cookies for their data gathering and organization efforts, particularly when ad campaigns are shaped around the specific browsing behavior of specific web users. Thus, we believe Google's announcement that third-party cookies are going away someday soon was very bad news for the ad-targeting industry. Further, Google took the next step of promising to make it harder to replace cookies with alternative user-tracking technologies.

This is cause for enormous concern within the advertising industry. The Cookie Apocalypse during 2022 wiped out approximately 85% of the digital market according to Data Science Analyst, Roger Kamena. Any data or ad-tech company that captures any information on unidentified users through a data management platform (DMP) will be affected.

We believe that our Campaign Performance Platform delivers a solution that will overcome this problem caused by Google while still ensuring the privacy of users, because our Campaign Performance Platform does not rely on the use of browser cookies to target potential customers.

Instead, our platform uses AI to manage "personas" which we believe will now become more important than ever for targeting purposes. Cookies are dead. Also, our use of personas will overcome another challenge for the ad targeting industry created by Apple as soon as it releases its next operating system that will ask users to opt in to share their location on every mobile app. As a result, location data will decrease significantly to the point where it won't be scalable.

A persona is a proxy for a brand's target audience. A proxy represents someone who has the same interests, priorities, and concerns as the brand's buyers. Within the brand's target market, there are several ideal customer profiles, and each ideal customer profile could have a multiple number of personas. Developing these personas is based on extensive research and requires the use of artificial intelligence and machine learning tools.

We believe the AiAdvertising approach is unique, and that it will be disruptive in the ad targeting and ad buying process. Not only will our AI-driven platform overcome the new challenges posed by the actions of big players, such as Google and Apple, but it will ensure user privacy and lead to lower advertising costs.

Past Revenue Model

Historically, we charged a fixed or variable implementation fee to design, build, and execute on digital marketing campaigns. These campaigns or custom solutions consisted of professional services fees as well as mark up on media spend. Our professional services were billed at hourly or monthly rates, depending on the customer's needs.

Future Revenue

At the beginning of Q4 of 2021, we pivoted the focus of our business to a software licensing and delivery model, whereby our software is centrally hosted and licensed on a monthly subscription basis. We charge a flat monthly fee for software license fees depending on level of services, and a flat percentage of their monthly ad spend budget for media activation and placement. We believe this provides greater transparency to the client as well as makes the Company's revenue more consistent and predictable. We believe this shift towards recurring revenue can potentially be highly valuable to the Company and its shareholders. In addition, we continue to provide bundled Creative Design services with our Platform fee as well as specifically contracted Creative Design services for many of our clients.

Sales and Marketing

To achieve the objective of disrupting the digital advertising world by offering a solution that harnesses the power of artificial intelligence, we have assembled a team of experts working collectively for the best interest of our customers.

During the client sales process, our team delivers demonstrations, presentations, proposals, and contracts. Many new customers have been retained through email marketing, direct sales, and word-of-mouth referrals. Our direct sales efforts are aimed at Chief Marketing Officers, senior marketing and information technology (IT) executives within Consumer, B2B and B2C political organizations who are looking to create or expand their digital operations. Word-of-mouth referrals have been very valuable to us and we intend to continue nurturing our customer and industry relationships to maximize these referrals.

In addition to our direct sales efforts and referrals, we have established and continue to explore channel partnerships to expand our customer base. Prospective channel partners include existing technology companies, hosting providers, enterprise resource planning (or ERP) vendors, and e-commerce marketing professionals.

Competition

We operate in a rapidly growing and rapidly changing market. As a result, we expect competition to continue to increase as other established and emerging companies enter the business analytics market, as customer requirements evolve, and as new products and technologies are introduced. We expect this to be particularly true with respect to our SaaS-based offering. This is a relatively new and evolving area of business analytics solutions, and we anticipate competition to increase based on customer demand for these types of products. In addition, we may compete with open source initiatives and custom development efforts.

Many of our competitors, particularly the large software companies named above, have longer operating histories, significantly greater financial, technical, marketing, distribution, professional services or other resources and greater name recognition than we do. In addition, many of our competitors have strong relationships with current and potential customers and extensive knowledge of the business analytics industry. As a result, they may be able to respond more quickly to new or emerging technologies and changes in customer requirements, for example by offering a SaaS-based product that competes with our on-premises products or our SaaS product, Campaign Performance Platform, or devote greater resources to the development, promotion, and sale of their products than us. Moreover, many of these competitors are bundling their analytics products into larger deals or maintenance renewals, often at significant discounts. Increased competition may lead to price cuts, alternative pricing structures or the introduction of products available for free or a nominal price, fewer customer orders, reduced gross margins, longer sales cycles, and loss of market share. We may not be able to compete successfully against current and future competitors, and our business, results of operations and financial condition will be harmed if we fail to meet these competitive pressures.

Our ability to compete successfully in our market depends on a number of factors, both within and outside of our control. Some of these factors include ease and speed of product deployment and use, discovery and visualization capabilities, analytical and statistical capabilities, performance and scalability, the quality and reliability of our customer service and support, total cost of ownership, return on investment and brand recognition. Any failure by us to compete successfully in any one of these or other areas may reduce the demand for our products, as well as adversely affect our business, results of operations and financial condition.

Government Regulation

We are subject to various federal, state, and local laws affecting e-commerce and communication businesses. The Federal Trade Commission and equivalent state agencies regulate advertising and representations made by businesses in the sale of their products, which apply to us. We are also subject to government laws and regulations governing health, safety, working conditions, employee relations, wrongful termination, wages, taxes and other matters applicable to businesses in general. Currently, when serving customers in the European Union, we must take precautions to maintain the General Data Protection Regulation requirements. As the United States continues to adopt similar regulations. Our software and services will comply with those requirements.

Employees

As of April 15, 2024, we have 27 full time employees, 5 of whom are employed in executive positions, 6 in sales and marketing positions, and 16 in technical position, 13 employees in Texas, 1 in New Jersey, 9 in Arizona, 1 in Missouri, 1 in Ohio, 1 in Puerto Rico, and 1 North Carolina.

All of our employees have executed agreements that impose nondisclosure obligations on the employee and assign to us (to the extent permitted by state and federal laws) all copyrights and other inventions created by the employee during his/her employment with us. Additionally, we have a trade secret protection policy in place that management believes to be adequate to protect our intellectual property and trade secrets.

Seasonality

We do not anticipate that our business will be substantially affected by seasonality as most of our clients advertise their goods and services to other businesses. However, we are seeing more new clients look to market and advertise to consumers and accordingly, we would expect revenue in the second half of the year to be greater than the first half of the year.

Trademarks

We have registered trademarks for AiAdvertising®.

Company History

The Company, based in San Antonio, Texas, was incorporated in Nevada on January 22, 2002. The Company was formerly known as CloudCommerce, Inc., Warp 9, Inc., Roaming Messenger, Inc., and Latinocare Management Corporation. On July 9, 2015, we changed the name of the Company from Warp 9, Inc. to CloudCommerce, Inc. to reflect a new plan of strategically acquiring profitable data driven marketing solutions providers with strong management teams. Effective August 5, 2021, the Company changed its name to AiAdvertising, Inc.

The Company has three wholly owned subsidiaries, CLWD Operations, Inc. (formerly Indaba Group, Inc.), a Delaware corporation, Giles Design Bureau, Inc., a Nevada corporation and AiAdvertising, Inc., a Nevada corporation. References in this report to the “Company,” “AiAdvertising,” “we,” “us”, or “our” include AiAdvertising, Inc. and its subsidiaries, unless otherwise indicated.

ITEM 1A. RISK FACTORS

Our short and long-term success is subject to numerous risks and uncertainties, many of which involve factors that are difficult to predict or beyond our control. As a result, investing in the Company’s common stock involves substantial risk. The Company’s stockholders should carefully consider the risks and uncertainties described below, in addition to the other information contained in or incorporated by reference into this Annual Report, as well as the other information we file with the SEC from time to time. The risks described below are not the only ones we face. Additional risks not presently known to us or that we currently believe are immaterial may also impair our business operations and financial results. If any of the following risks actually occurs, our business, financial condition or results of operations could be adversely affected. In such case, the trading price of our common stock could decline and you could lose all or part of your investment. Our filings with the SEC also contain forward-looking statements that involve risks or uncertainties. Our actual results could differ materially from those anticipated or contemplated by these forward-looking statements as a result of a number of factors, including the risks we face described below, as well as other variables that could affect our operating results. Past financial performance should not be considered to be a reliable indicator of future performance, and investors should not use historical trends to anticipate results or trends in future periods.

RISKS RELATED TO OUR BUSINESS

Issues in the use of AI in our offerings may result in reputational harm or liability.

As with many disruptive innovations, AI presents risks and challenges that could affect its adoption, and therefore our business. AI algorithms may be flawed. Datasets may be insufficient or contain biased information. Inappropriate or controversial data practices by us or others could impair the acceptance of AI solutions. These deficiencies could undermine the decisions, predictions, or analysis AI applications produce, subjecting us to competitive harm, legal liability, and brand or reputational harm. Some AI scenarios present ethical issues. If we enable or offer AI solutions that are controversial because of their impact on human rights, privacy, employment, or other social issues, we may experience brand or reputational harm.

We are subject to payment-related risks if customers dispute or do not pay their invoices, and any decreases or significant delays in payments could have a material adverse effect on our business, results of operations and financial condition.

We may become involved in disputes with our customers over the operation of our platform, the terms of our agreements or our billings for purchases made by them through our platform. In the past, certain customers have sought to slow their payments to us or been forced into filing for bankruptcy protection, resulting in delay or cancelation of their pending payments to us. In certain cases, customers have been unable to timely make payments, and we have suffered losses. Certain of our contracts with marketing agencies state that if their customer does not pay the agency, the agency is not liable to us, and we must seek payment solely from their customer, a type of arrangement called sequential liability. Contracting with these agencies, which in some cases have or may develop higher-risk credit profiles, may subject us to greater credit risk than if we were to contract directly with the customer.

If we are unable to collect customers' fees on a timely basis or at all, we could incur write-offs for bad debt, which could have a material adverse effect on our results of operations for the periods in which the write-offs occur. In the future, bad debt may exceed reserves for such contingencies, and our bad debt exposure may increase over time. Any increase in write-offs for bad debt could have a materially negative effect on our business, financial condition and operating results. Even if we are not paid by our customers on time or at all, we may still be obligated to pay for the inventory we have purchased for our customers' marketing campaigns, and consequently, our results of operations and financial condition would be adversely impacted.

The reliability of some of our product solutions is dependent on data and software from third-parties and the integrity and quality of that data and software.

Some of the data and software that we use is licensed from third-party data suppliers, and we are dependent upon our ability to obtain necessary data licenses on commercially reasonable terms. We could suffer material adverse consequences if our data suppliers were to withhold their data from us. For example, data suppliers could withhold their data from us if there is a competitive reason to do so; if we breach our contract with a supplier; if they are acquired by one of our competitors; if legislation is passed restricting the use or dissemination of the data they provide; or if judicial interpretations are issued restricting use of such data. Additionally, we could terminate relationships with our data suppliers if they fail to adhere to our data quality standards. If a substantial number of data suppliers were to withdraw or withhold their data from us, or if we sever ties with our data suppliers based on their inability to meet our data standards, our ability to provide products and services to our clients could be materially adversely impacted, which could result in decreased revenues.

The reliability of our solutions depends upon the integrity and quality of the data provided us by our clients and that which we can license from third party providers. A failure in the integrity or a reduction in the quality of our data could cause a loss of customer confidence in our solutions, resulting in harm to our brand, loss of revenue and exposure to legal claims. We may experience an increase in risks to the integrity of our database and quality of our data as we move toward real-time, non-identifiable, consumer- powered data through our products. We must continue to invest in our database to improve and maintain the quality, timeliness and coverage of the data if we are to maintain our competitive position. Failure to do so could result in a material adverse effect on our business, growth and revenue prospects.

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. Furthermore, the costs of compliance with, and other burdens imposed by, the data and privacy laws, regulations, standards and policies that are applicable to the businesses of our clients may limit the use and adoption of, and reduce the overall demand for, our products.

A significant breach of the confidentiality of the information we hold or of the security of our or our customers', suppliers', or other partners' computer systems could be detrimental to our business, reputation and results of operations. Our business requires the storage, transmission and utilization of data. Although we have security and associated procedures, our databases may be subject to unauthorized access by third parties. Such third parties could attempt to gain entry to our systems for the purpose of stealing data or disrupting the systems. We believe we have taken appropriate measures to protect our systems from intrusion, but we cannot be certain that advances in criminal capabilities, discovery of new vulnerabilities in our systems and attempts to exploit those vulnerabilities, physical system or facility break-ins and data thefts or other developments will not compromise or breach the technology protecting our systems and the information we possess. Furthermore, we face increasing cyber security risks as we receive and collect data from new sources, and as we and our customers continue to develop and operate in cloud-based information technology environments. In the event that our protection efforts are unsuccessful, and we experience an unauthorized disclosure of confidential information or the security of such information or our systems are compromised, we could suffer substantial harm. Any breach could result in one or more third parties obtaining unauthorized access to our customers' data or our data, including personally identifiable information, intellectual property and other confidential business information. Such a security breach could result in operational disruptions that impair our ability to meet our clients' requirements, which could result in decreased revenues. Also, whether there is an actual or a perceived breach of our security, our reputation could suffer irreparable harm, causing our current and prospective clients to reject our products and services in the future and deterring data suppliers from supplying us data. Further, we could be forced to expend significant resources in response to a security breach, including repairing system damage, increasing cyber security protection costs by deploying additional personnel and protection technologies, and litigating and resolving legal claims, all of which could divert the attention of our management and key personnel away from our business operations. In any event, a significant security breach could materially harm our business, financial condition and operating results.

Significant system disruptions, loss of data center capacity or interruption of telecommunication links could adversely affect our business and results of operations.

Our product platform is hosted and managed on Microsoft Azure Cloud servers and takes full advantage of open standards for processing, storage, security and big data technology. Significant system disruptions, loss of data center capacity or interruption of telecommunication links could adversely affect our business, results of operations and financial condition. Our business is heavily dependent upon highly complex data processing capability. The ability of our platform hosts and managers to protect these data centers against damage or interruption from fire, flood, tornadoes, power loss, telecommunications or equipment failure or other disasters is beyond our control and is critical to our ability to succeed.

We need to protect our intellectual property or our operating results may suffer.

Third parties may infringe our intellectual property and we may suffer competitive injury or expend significant resources enforcing our rights. As our business is focused on data-driven results and analytics, we rely heavily on proprietary information technology. Our proprietary portfolio consists of various intellectual property including source code, trade secrets, and know-how. The extent to which such rights can be protected is substantially based on federal, state and common law rights as well as contractual restrictions. The steps we have taken to protect our intellectual property may not prevent the misappropriation of our proprietary information or deter independent development of similar technologies by others. If we do not enforce our intellectual property rights vigorously and successfully, our competitive position may suffer which could harm our operating results.

We could incur substantial costs and disruption to our business as a result of any claim of infringement of another party's intellectual property rights, which could harm our business and operating results.

From time to time, third parties may claim that one or more of our products or services infringe their intellectual property rights. We analyze and take action in response to such claims on a case-by-case basis. Any dispute or litigation regarding patents or other intellectual property could be costly and time-consuming due to the complexity of our technology and the uncertainty of intellectual property litigation, which could divert the attention of our management and key personnel away from our business operations. A claim of intellectual property infringement could force us to enter into a costly or restrictive license agreement, which might not be available under acceptable terms or at all, or could subject us to significant damages or to an injunction against development and sale of certain of our products or services.

We may be unable to maintain a competitive technology advantage in the future.

Our ability to generate revenues is substantially based upon our proprietary intellectual property that we own and protect through trade secrets and agreements with our employees to maintain ownership of any improvements to our intellectual property. Our ability to generate revenues now and in the future is based upon maintaining a competitive technology advantage over our competition. We can provide no assurances that we will be able to maintain a competitive technology advantage in the future over our competitors, many of whom have significantly more experience, more extensive infrastructure and are better capitalized than us.

We may not be able to integrate, maintain and enhance our advertising solutions to keep pace with technological and market developments.

The market for digital advertising solutions is characterized by rapid technological change, evolving industry standards and frequent introductions of new products and services. To keep pace with technological developments, satisfy increasing publisher and advertiser requirements, maintain the attractiveness and competitiveness of our advertising solutions and ensure compatibility with evolving industry standards and protocols, we will need to anticipate and respond to varying product lifecycles, regularly enhance our current advertising solutions and develop and introduce new solutions and functionality on a timely basis. This requires significant investment of financial and other resources. For example, we will need to invest significant resources into expanding and developing our platforms in order to maintain a comprehensive solution. Ad technology platforms and other technological developments may displace us or introduce an additional intermediate layer between us and our customers and digital media properties that could impair our relationships with those customers.

If we default on our credit obligations, our operations may be interrupted and our business and financial results could be adversely affected.

Vendors extend us credit terms for the purchase of advertising inventory. We currently have outstanding payables to existing vendors. If we are unable to pay our publishers in a timely fashion, they may elect to no longer sell us inventory to provide for sale to advertisers. Also, it may be necessary for us to incur additional indebtedness to maintain operations of the Company. If we default on our credit obligations, our lenders and debt financing holders may, among other things:

- require repayment of any outstanding obligations or amounts drawn on our credit facilities;
- terminate our credit;
- stop delivery of ordered equipment;
- discontinue our ability to acquire inventory that is sold to advertisers;
- require us to accrue interest at higher rates; or
- require us to pay significant damages.

If some or all of these events were to occur, our operations may be interrupted and our ability to fund our operations or obligations, as well as our business, financial results, and financial condition, could be adversely affected.

War, terrorism, other acts of violence or natural or manmade disasters such as a global pandemic may affect the markets in which the Company operates, the Company's customers, the Company's delivery of products and customer service, and could have a material adverse impact on our business, results of operations, or financial condition.

The Company's business may be adversely affected by instability, disruption or destruction in the geographic regions in which it operates, regardless of cause, including war, terrorism, riot, civil insurrection or social unrest, and natural or manmade disasters, including famine, food, fire, earthquake, storm or pandemic events and spread of disease (including the outbreak of the coronavirus commonly referred to as "COVID- 19"). Such events may cause customers to suspend their decisions on using the Company's services and otherwise affect their ability to meet their obligations to us by making payments on our existing equipment leases, make it impossible to contact our customers and potential customers as well as potential sources of future financing, for our customers to visit our physical locations, and give rise to sudden significant changes in regional and global economic conditions and cycles that could interfere with our existing business as well as our planned expansion into the mobility business. These events also pose significant risks to the Company's personnel and to physical facilities and operations, which could materially adversely affect the Company's financial results.

We have a history of losses and expect to continue to incur losses.

We have experienced net losses and negative cash flows from operating activities, and we expect such losses and negative cash flows to continue in the foreseeable future. For the years ended December 31, 2023, and 2022, we incurred net losses of $5,867,994 and $8,489,924, respectively. We may never achieve profitability.

We have a limited operating history, which may make it difficult to evaluate our future prospects and may increase the risk that we will not be successful.

We have a relatively short operating history and have been delivering AI-powered solutions, our proprietary audience-driven business intelligence solution, since January 2018, and are now offering the Campaign Performance Platform a SaaS (software-as-a-service) solution. As a result, it may be difficult to evaluate in an investment in our stock. Furthermore, we operate in an industry that is characterized by rapid technological innovation, intense competition, changing customer needs and frequent introduction of new products, technologies and services. We have encountered, and we will continue to encounter, risks and uncertainties frequently experienced by companies in evolving industries. If our assumptions regarding these risks and uncertainties, which we use to plan our business, are incorrect or change in reaction to changes in the market, or we do not address these risks successfully, our operating and financial results could differ materially from our expectations, and our business could suffer.

Our future success will depend in large part on our ability to, among other things:

- market acceptance of our current and future products and services;
- improve the performance and capabilities of our products;
- manage the full automation of our Campaign Performance Platform solution;
- compete with other companies, custom development efforts and open source initiatives that are currently in, or may in the future enter, the market for our products;
- technology and data center infrastructure, enhancements to cloud architecture, improved disaster recovery protection, increasing data security, compliance and operations expenses;
- data center costs as customers increase the amount of data that is available to our platform and the number of users on our platform;
- the amount and timing of operating expenses, particularly sales and marketing expenses, related to the maintenance and expansion of our business, operations and infrastructure;
- write-downs, impairment charges or unforeseen liabilities in connection with intangible assets or acquisitions;
- our ability to successfully manage any acquisitions; and
- general economic and political conditions in our domestic and international markets

If we fail to address or manage these risks successfully, including those associated with the challenges listed above as well as those described elsewhere in this section, our business will be adversely affected and our results of operations will suffer.

Our success depends on increasing the number and value of enterprise sales transactions, which typically involve a longer sales cycle, greater deployment challenges and additional support and services than sales to individual purchasers of our products.

Growth in our revenues and profitability depends in part on our ability to complete more and larger enterprise sales transactions. These larger transactions may involve significant customer negotiation. Enterprise customers may undertake a significant evaluation process, which can last from several months to a year or longer. For example, in recent periods, excluding renewals, our transactions over $100,000 have generally taken over three months to close. Any individual transaction may take substantially longer than three months to close. If our sales cycle were to lengthen in this manner, events may occur during this period that affect the size or timing of a purchase or even cause cancellations, which may lead to greater unpredictability in our business and results of operations. We will spend substantial time, effort and money on enterprise sales efforts without any assurance that our efforts will produce any sales.

The actual market for our products and services could be significantly smaller than our estimates of our total potential market opportunity, and if customer demand for our products and services does not meet expectations, our ability to generate revenue and meet our financial targets could be adversely affected.

While we expect strong growth in the markets for our products, it is possible that the growth in some or all of these markets may not meet our expectations, or materialize at all. The methodology on which our estimate of our total potential market opportunity includes several key assumptions based on our industry knowledge, market research, and customer experience. If any of these assumptions proves to be inaccurate, then the actual market for our products could be significantly smaller than our estimates of our total potential market opportunity. If the customer demand for our products or the adoption rate in our target markets does not meet our expectations, our ability to generate revenue from customers and meet our financial targets could be adversely affected.

If our new products and product enhancements do not achieve sufficient market acceptance, our results of operations and competitive position will suffer.

We spend substantial amounts of time and money to research and develop new software and enhanced versions of our existing software to incorporate additional features, improve functionality, function in concert with new technologies or changes to existing technologies and allow our customers to analyze a wide range of data sources. When we develop a new product or an enhanced version of an existing product, we typically incur expenses and expend resources upfront to market, promote and sell the new offering. Therefore, when we develop and introduce new or enhanced products, they must achieve high levels of market acceptance in order to justify the amount of our investment in developing and bringing them to market.

Further, we may make changes to our software that our customers do not find useful. We may also discontinue certain features, begin to charge for certain features that are currently free or increase fees for any of our features or usage of our software. We may also face unexpected problems or challenges in connection with new product or feature introductions.

Our new products or product enhancements, such as our Campaign Performance Platform, and changes to our existing software could fail to attain sufficient market acceptance for many reasons, including:

- failure to predict market demand accurately in terms of software functionality and capability or to supply software that meets this demand in a timely fashion;
- inability to operate effectively with the technologies, systems or applications of our existing or potential customers;
- defects, errors or failures;
- negative publicity about their performance or effectiveness;
- delays in releasing our new software or enhancements to our existing software to the market;
- the introduction or anticipated introduction of competing products by our competitors;
- an ineffective sales force;
- poor business conditions for our end-customers, causing them to delay purchases; and
- the reluctance of customers to purchase software incorporating open source software.

In addition, because our products are designed to operate on and with a variety of systems, we will need to continuously modify and enhance our products to keep pace with changes in technology. We may not be successful in either developing these modifications and enhancements or in bringing them to market in a timely fashion.

If our new software or enhancements and changes do not achieve adequate acceptance in the market, our competitive position will be impaired, and our revenues could decline. The adverse effect on our results of operations may be particularly acute because of the significant research, development, marketing, sales and other expenses we will have incurred in connection with the new software or enhancements.

Real or perceived errors, failures or bugs in our software could adversely affect our results of operations and growth prospects.

Because our software is complex, undetected errors, failures or bugs may occur, especially when new versions or updates are released. Our software is often installed and used in large-scale computing environments with different operating systems, system management software, and equipment and networking configurations, which may cause errors or failures of our software or other aspects of the computing environment into which it is deployed. In addition, deployment of our software into computing environments may expose undetected errors, compatibility issues, failures or bugs in our software. Despite testing by us, errors, failures or bugs may not be found in our software until it is released to our customers. Moreover, our customers could incorrectly implement or inadvertently misuse our software, which could result in customer dissatisfaction and adversely impact the perceived utility of our products as well as our brand. Any of these real or perceived errors, compatibility issues, failures or bugs in our software could result in negative publicity, reputational harm, loss of or delay in market acceptance of our software, loss of competitive position or claims by customers for losses sustained by them. In such an event, we may be required, or may choose, for customer relations or other reasons, to expend additional resources in order to help correct the problem. Alleviating any of these problems could require significant expenditures of our capital and other resources and could cause interruptions, delays or cessation of our licensing, which could cause us to lose existing or potential customers and could adversely affect our results of operations and growth prospects.

Interruptions or performance problems associated with our technology and infrastructure may adversely affect our business and results of operations.

We may in the future experience performance issues due to a variety of factors, including infrastructure changes, human or software errors, website or third-party hosting disruptions or capacity constraints due to a number of potential causes including technical failures, cyber-attacks, security vulnerabilities, natural disasters or fraud. If our security is compromised, our website is unavailable or our users are unable to access our software within a reasonable amount of time or at all, our business could be negatively affected. Moreover, if our security measures, products or services are subject to cyber-attacks that degrade or deny the ability of users to access our website, products or services, our products or services may be perceived as unsecure and we may incur significant legal and financial exposure. In some instances, we may not be able to identify the cause or causes of these performance problems within an acceptable period of time. These cloud-based products are hosted at third-party data centers that are not under our direct control. If these data centers were to be damaged or suffer disruption, our ability to provide these products to our customers could be impaired and our reputation could be harmed.

In addition, it may become increasingly difficult to maintain and improve our website performance, especially during peak usage times and as our software becomes more complex and our user traffic increases. Adverse consequences could include unanticipated system disruptions, slower response times, degradation in level of customer support and impaired quality of users' experiences, and could result in customer dissatisfaction and the loss of existing customers. We expect to continue to make significant investments to maintain and improve website performance and security and to enable rapid and secure releases of new features and applications for our software. To the extent that we do not effectively address capacity constraints, upgrade our systems as needed and continually develop our technology and network architecture to accommodate actual and anticipated changes in technology, our business and results of operations may be adversely affected.

Our use of open source software could negatively affect our ability to sell our software and subject us to possible litigation.

We use open source software in our software and expect to continue to use open source software in the future. We may face claims from others claiming ownership of, or seeking to enforce the license terms applicable to such open source software, including by demanding release of the open source software, derivative works or our proprietary source code that was developed using such software. These claims could also result in litigation, require us to purchase a costly license or require us to devote additional research and development resources to change our software, any of which would have a negative effect on our business and results of operations. In addition, if the license terms for the open source code change, we may be forced to re-engineer our software or incur additional costs. Finally, we cannot assure you that we have not incorporated open source software into our software in a manner that may subject our proprietary software to an open source license that requires disclosure, to customers or the public, of the source code to such proprietary software. Any such disclosure would have a negative effect on our business and the value of our software.

We may require additional capital to fund our business and support our growth.

We intend to continue to make substantial investments to fund our business and support our growth. In addition, we may require additional funds to respond to business challenges, including the need to develop new features or enhance our software, improve our operating infrastructure or acquire or develop complementary businesses and technologies. As a result, we may need to engage in equity or debt financings to provide the funds required for these and other business endeavors. If we raise additional funds through future issuances of equity or convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our common stock. Any debt financing that we may secure in the future could involve restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions. We may not be able to obtain such additional financing on terms favorable to us, if at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to support our business growth and to respond to business challenges could be significantly impaired, and our business may be adversely affected. In addition, our inability to generate or obtain the financial resources needed may require us to delay, scale back, or eliminate some or all of our operations, which may have a material adverse effect on our business, operating results, financial condition and prospects.

We are dependent on key personnel for our operations. If those key personnel were to leave the Company, operations may suffer.

Our performance is highly dependent on the continued services of our executive officers and other key personnel, the loss of any of whom could materially adversely affect our business. In addition, we need to attract and retain other highly-skilled, technical and managerial personnel for whom there is intense competition. For example, if we are unable to hire or continually train our employees to keep pace with the rapid and continuing changes in technology and the markets we serve or changes in the types of services our clients are demanding, we may not be able to develop and deliver new services and solutions to fulfill client demand. Our inability to attract and retain qualified technical and managerial personnel could materially adversely affect our ability to maintain and grow our business significantly.

If labor costs for key personnel increase, the increase may strain cash flows further.

Competition for labor could substantially increase our labor costs. Although we seek to preserve the contractual ability to pass through increases in labor costs to our clients, not all of our current contracts provide us with this protection, and we may enter into contracts in the future which limit or prohibit our ability to pass through increases in labor costs to our clients. If we are unable to pass costs through to our clients, our financial condition may be materially affected.

Though the Company incurs significant costs while attempting to acquire other businesses, there is no guarantee that such transactions will be consummated.

The Company incurs significant costs associated with both searching for companies to acquire and in closing a transaction. These costs include, but are not limited to, airfare, legal, audit and consulting fees. Because the merger/acquisition is not only dependent on both parties being dedicated to the completion of the transaction, but also the operational fit must be right, we may not close on all transactions we pursue. Incomplete transactions may result in significant capital out flows with no benefit to the Company.

We may become a party to litigation involving intellectual property rights, employment violations, breach of contract, or other lawsuit, which may place a burden on management and cash flows.

Third parties may, in the future, assert that our business, the technologies we use, or the business practices we use, infringe on their intellectual property rights or employment rights or that we are in violation of other rights or laws. Defending the Company against such actions may require significant time of management and substantial amounts of money. We cannot predict whether third parties will assert claims in the future or whether any future claims will prevent us from offering our products or services. If we are found to be in the wrong, we may be required to pay a significant amount of money which could include damages and attorneys' fees.

A portion of our services are provided by third parties which we do not control. Such third parties may provide poor service which may harm the relationships we have with our clients.

We currently, and may in the future, rely on third party providers to provide various portions of our service offering. If our business relationship with a third-party provider is negatively affected, or is terminated, we might not be able to deliver the corresponding service offering to our clients, which could cause us to lose clients and future business, reducing our revenues. Any such failure on the part of the third party, may damage our reputation and otherwise result in a material adverse effect upon our business and financial condition.

We target a global marketplace and compete in a rapidly evolving and highly competitive industry which makes our future operating results difficult to predict. If we are unable to enhance products or acquire new products that respond to rapidly changing customer requirements, technological developments or evolving industry standards, our long-term revenue growth will be harmed.

We target the global business intelligence, or BI, marketplace, which is an industry characterized by rapid technological innovation, changing customer needs, substantial competition, evolving industry standards and frequent introductions of new products, enhancements and services. Any of these factors can render our existing software products and services obsolete or unmarketable. We believe that our future success will depend in large part on our ability to successfully:

- support current and future releases of popular hardware, operating systems, computer programming languages, databases and software applications

- develop new products and product enhancements that achieve market acceptance in a timely manner

- maintain technological competitiveness and meet an expanding range of customer requirements.

As we encounter increasing competitive pressures, we will likely be required to modify, enhance, reposition or introduce new products and service offerings. We may not be successful in doing so in a timely, cost-effective and appropriately responsive manner, or at all, which may have an adverse effect on our business, quarterly operating results and financial condition. All of these factors make it difficult to predict our future operating results which may impair our ability to manage our business.

Our success is highly dependent on our ability to penetrate the existing market for business analytics software as well as the growth and expansion of that market.

Although the overall market for business analytics software is well-established, the market for business analytics software like ours is relatively new, rapidly evolving and unproven. Our future success will depend in large part on our ability to penetrate the existing market for business analytics software, as well as the continued growth and expansion of what we believe to be an emerging market for analytics solutions that are faster, easier to adopt, easier to use and more focused on self-service capabilities. It is difficult to predict customer adoption and renewal rates, customer demand for our products, the size, growth rate and expansion of these markets, the entry of competitive products or the success of existing competitive products. Our ability to penetrate the existing market and any expansion of the emerging market depends on a number of factors, including the cost, performance and perceived value associated with our products, as well as customers' willingness to adopt a different approach to data analysis. Furthermore, many potential customers have made significant investments in legacy business analytics software systems and may be unwilling to invest in new software. If we are unable to penetrate the existing market for business analytics software, the emerging market for self-service analytics solutions fails to grow or expand, or either of these markets decreases in size, our business, results of operations and financial condition would be adversely affected.

Our financial results would suffer if the market for BI software does not continue to grow or if we are unable to further penetrate this market.

Resistance from consumer and privacy groups to increased commercial collection and use of data on spending patterns and other personal behavior and governmental restrictions on the collection and use of personal data may impair the further growth of this market, as may other developments. We cannot be sure that this market will continue to grow or, even if it does grow, that customers will purchase our software products or services. We have spent, and intend to keep spending, considerable resources to educate potential customers about BI software in general and our software products and services in particular. However, we cannot be sure that these expenditures will help our software products achieve any additional market acceptance or enable us to attract new customers or new users at existing customers. A reduction in the demand for our software products and services could be caused by, among other things, lack of customer acceptance, weakening economic conditions, competing technologies and services or decreases in software spending. If the market and our market share fail to grow or grow more slowly than we currently expect, our business, operating results and financial condition would be harmed.

A large portion of our revenue is concentrated with a small number of clients.

For the year ended December 31, 2023, three clients represented approximately 53% of our service fee revenue. Termination, reduction, or delay of our services under a contract could result from factors unrelated to our work product or the progress of the project such as factors related to business or financial conditions of the client, changes in client strategies or the domestic or global economy generally. Termination, reduction or substantial delay of services any significant client, or nonrenewal of any significant client contract, or the nonpayment of a material amount of our service fees by a significant client, could have a material adverse effect upon our business, results of operation and financial condition.

If we do not accurately price our fixed fee projects, the Company may suffer from decreased cash flows.

When making a proposal for, or managing, a fixed-price engagement, we rely on our estimates of costs and timing for delivering our services, which may be based on limited data and could be inaccurate. If we do not accurately estimate our costs and the timing for completion of a fixed-price project, the contract for such a project could prove unprofitable or yield a profit margin that is lower than expected. Losses, if any, on fixed-price contracts are recognized when the loss is determined. Any increased or unexpected costs or unanticipated delays in connection with the performance of fixed-price contracts, including delays caused by factors outside of our control, could make these contracts less profitable or unprofitable and may affect the amount of revenue, profit, and profit margin reported in any period.

Our industry is dependent on quickly evolving technologies and knowledge. If we do not maintain proper technology or knowledge, then our operations may be adversely affected.

To remain competitive, we must continue to enhance and improve the responsiveness, functionality and features of our services and the underlying network infrastructure. If we are unable to adapt to changing market conditions, client requirements or emerging industry standards, our business could be adversely affected. The internet and e-commerce environments are characterized by rapid technological change, changes in user requirements and preferences, frequent new product and service introductions embodying new technologies and the emergence of new industry standards and practices that could render our technology and systems obsolete. We must continue to address the increasingly sophisticated and varied needs of our clients and respond to technological advances and emerging industry standards and practices on a cost-effective and timely basis.

In addition, many competitors expend a considerably greater amount of funds on their research and development programs, and those that do not may be acquired by larger companies that would allocate greater resources to competitors' research and development programs. If we fail to maintain adequate research and development resources or compete effectively with the research and development programs of competitors, our business could be harmed. Our ability to grow is also subject to the risk of future disruptive technologies. If new technologies emerge that are able to deliver business intelligence solutions at lower prices, more efficiently, more conveniently or more securely, such technologies could adversely affect our ability to compete.

We may not realize the anticipated benefits of past or future acquisitions, and integration of these acquisitions may disrupt our business and management.

Our growth strategy is dependent on the success of our completed acquisitions and in the future we may acquire additional companies, products or technologies or enter into joint ventures or other strategic initiatives. We may not realize the anticipated benefits of these acquisitions or any other future acquisition, and any acquisition has numerous risks. These risks include the following:

- difficulty in assimilating the operations and personnel of the acquired company;
- difficulty in effectively integrating the acquired technologies or products with our current technologies;
- difficulty in maintaining controls, procedures and policies during the transition and integration;
- disruption of our ongoing business and distraction of our management and employees from other opportunities and challenges due to integration issues;
- inability to retain key technical and managerial personnel of the acquired business;
- inability to retain key customers, vendors and other business partners of the acquired business;
- inability to achieve the financial and strategic goals for the acquired and combined businesses;
- incurring acquisition-related costs or amortization costs for acquired intangible assets that could impact our operating results;
- potential failure of the due diligence processes to identify significant issues with product quality, intellectual property infringement and other legal and financial liabilities, among other things; and
- potential inability to assert that internal controls over financial reporting are effective.

Mergers and acquisitions of companies are inherently risky and, if we do not complete the integration of acquired businesses successfully and in a timely manner, we may not realize the anticipated benefits of the acquisitions to the extent anticipated, which could adversely affect our business, financial condition or results of operations.

We are subject to governmental laws, regulation and other legal obligations, particularly those related to privacy, data protection and information security, and any actual or perceived failure to comply with such obligations could impair our efforts to maintain and expand our customer base, causing our growth to be limited and harming our business.

We receive, store and process personal information and other data from and about customers in addition to our employees and services providers. Also, in connection with future feature offerings, we may receive, store and process additional types of data, including personally identifiable information, related to end consumers. Our handling of data is subject to a variety of laws and regulations, including regulation by various government agencies, such as the U.S. Federal Trade Commission, or FTC, and various state, local and foreign agencies. Our data handling also is subject to contractual obligations and may be deemed to be subject to industry standards, including certain industry standards that we undertake to comply with.

The U.S. federal and various state and foreign governments have adopted or proposed limitations on the collection, distribution, use and storage of data relating to individuals, including the use of contact information and other data for marketing, advertising and other communications with individuals and businesses. In the United States, various laws and regulations apply to the collection, processing, disclosure, and security of certain types of data. Additionally, the FTC and many state attorneys general are interpreting federal and state consumer protection laws as imposing standards for the online collection, use, dissemination and security of data. The laws and regulations relating to privacy and data security are evolving, can be subject to significant change and may result in ever-increasing regulatory and public scrutiny and escalating levels of enforcement and sanctions.

Any failure or perceived failure by us to comply with laws, regulations, policies, legal or contractual obligations, industry standards, or regulatory guidance relating to privacy, data protection, information security, marketing or consumer communications may result in governmental investigations and enforcement actions, litigation, fines and penalties or adverse publicity, and could cause our customers and partners to lose trust in us, which could have an adverse effect on our reputation and business. We expect that there will continue to be new proposed laws, regulations and industry standards relating to privacy, data protection, marketing, consumer communications and information security in the United States, the European Union and other jurisdictions, and we cannot determine the impact such future laws, regulations and standards may have on our business. Future laws, regulations, standards and other obligations or any changed interpretation of existing laws or regulations could impair our ability to develop and market new features and maintain and grow our customer base and increase revenue. Future restrictions on the collection, use, sharing or disclosure of data or additional requirements for express or implied consent of our customers, partners or end consumers for the use and disclosure of such information could require us to incur additional costs or modify our platform, possibly in a material manner, which we may be unable to achieve in a commercially reasonable manner or at all, and which could limit our ability to develop new features. If our policies, procedures, or measures relating to privacy, data protection, information security, marketing, or customer communications fail, or are perceived as failing, to comply with laws, regulations, policies, legal obligations or industry standards, we may be subject to governmental enforcement actions, litigation, regulatory investigations, fines, penalties and negative publicity and could cause our application providers, customers and partners to lose trust in us, which could materially affect our business, operating results and financial condition.

Future acquisitions may include an equity component that may dilute the positions of current stockholders.

We have traditionally used our equity to finance our acquisitions. As we search for additional companies to acquire, the components of the purchase price may include a combination of cash, debt and equity. The issuance of a substantial amount of equity may have a dilutive effect on our current shareholders upon such equity being deemed free-trading. This dilution may result in lower market prices, which may limit an investor’s ability to obtain a return on their investment.

In addition, the incurrence of debt could have a variety of negative effects, including:

- default and foreclosure on our assets if our operating revenues are insufficient to repay our debt obligations;
- acceleration of our obligations to repay the indebtedness even if we make all principal and interest payments when due if we breach certain covenants that require the maintenance of certain financial ratios or reserves without a waiver or renegotiation of that covenant;
- our immediate payment of all principal and accrued interest, if any, if the debt security is payable on demand;
- our inability to obtain necessary additional financing if the debt security contains covenants restricting our ability to obtain such financing while the debt security is outstanding;
- increased vulnerability to adverse changes in general economic, industry and competitive conditions and adverse changes in government regulation; and
- limitations on our ability to borrow additional amounts for expenses, capital expenditures, acquisitions, debt service requirements, execution of our strategy and other purposes and other disadvantages compared to our competitors who have less debt.

RISKS RELATED TO OUR COMMON STOCK

Due to the low price and volume of our stock, a shareholder may be unable to sell shares, or may lose money on their investment.

The trading price of our common stock may be subject to wide fluctuations in response to quarter-to-quarter fluctuations in operating results, announcements of material adverse events, general conditions in our industry or the public marketplace and other events or factors, including the thin trading of our common stock. In addition, stock markets have experienced extreme price and trading volume volatility in recent years. This volatility has had a substantial effect on the market prices of securities of many technology-related companies for reasons frequently unrelated to the operating performance of the specific companies. These broad market fluctuations may adversely affect the market price of our common stock. In addition, if our operating results differ from our announced guidance or the expectations of equity research analysts or investors, the price of our common stock could decrease significantly.

Our principal stockholders, officers and directors own a controlling interest in its voting stock and investors have a limited voice in our management.

Our principal stockholders, officers and directors, in the aggregate, beneficially own approximately 77% of our outstanding common stock. As a result, these stockholders acting together, have the ability to control substantially all matters submitted to the Company's stockholders for approval, including the election of directors and approval of significant corporate transactions. In addition, sales of significant amounts of shares held by our principal stockholders, directors and executive officers, or the prospect of these sales, could adversely affect the market price of our common stock. Their stock ownership may discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of the Company, which could deprive our stockholders of an opportunity to receive a premium for their capital stock as part of a sale of our company and might ultimately affect the market price of our common stock.

Our common stock is subject to the "penny stock" rules of the sec and the trading market in our securities is limited, which makes transactions in our stock cumbersome and may reduce the value of an investment in our stock.

The Securities and Exchange Commission (the "SEC") has adopted Rule 15g-9 which establishes the definition of a "penny stock," for the purposes relevant to us, as any equity security that has a market price of less than $5.00 per share or with an exercise price of less than $5.00 per share, subject to certain exceptions. For any transaction involving a penny stock, unless exempt, the rules require:

- that a broker or dealer approve a person's account for transactions in penny stocks; and
- the broker or dealer receives from the investor a written agreement to the transaction, setting forth the identity and quantity of the penny stock to be purchased.

In order to approve a person's account for transactions in penny stocks, the broker or dealer must:

- obtain financial information and investment experience objectives of the person; and
- make a reasonable determination that the transactions in penny stocks are suitable for that person and the person has sufficient knowledge and experience in financial matters to be capable of evaluating the risks of transactions in penny stocks.

The broker or dealer must also deliver, prior to any transaction in a penny stock, a disclosure schedule prescribed by the SEC relating to the penny stock market, which:

- sets forth the basis on which the broker or dealer made the suitability determination; and
- that the broker or dealer received a signed, written agreement from the investor prior to the transaction.

Generally, brokers may be less willing to execute transactions in securities subject to the "penny stock" rules. This may make it more difficult for investors to dispose of our common stock and cause a decline in the market value of our stock.

We have never paid dividends and have no plans to pay dividends in the future. As a result, our common stock may be less valuable because a return on an investor's investment will only occur if our stock price appreciates.

Holders of shares of our common stock are entitled to receive such dividends as may be declared by our Board of Directors. To date, we have paid no cash dividends and we do not expect to pay cash dividends in the foreseeable future. We intend to retain future earnings, if any, to provide funds for operations of our business. Therefore, any return investors in will be in the form of appreciation, if any, in the market value of our shares of common stock. There can be no assurance that shares of our common stock will appreciate in value or even maintain the price at which our stockholders have purchased their shares.

There is a limited trading market for our common stock, and investors may find it difficult to buy and sell our shares.

Our common stock is not listed on any national securities exchange. Accordingly, investors may find it more difficult to buy and sell our shares than if our common stock was traded on an exchange. Although our common stock is quoted on the OTC Pink, it is eligible for unsolicited quotes only. In addition, the OTC Pink is an unorganized, inter-dealer, over-the-counter market which provides significantly less liquidity than the Nasdaq Capital Market or other national securities exchange. Further, there is limited trading volume in our common stock, and any significant trading volume in our common stock may not be sustained. These factors may have an adverse impact on the trading and price of our common stock.

We have a substantial number of convertible securities outstanding. The exercise of our outstanding warrants/options and conversion of our outstanding convertible notes can have a dilutive effect on our common stock.

We have a substantial number of convertible securities outstanding. The exercise of our outstanding options and convertible preferred stock can have a dilutive effect on our common stock. As of December 31, 2023, we had (i) outstanding options to purchase approximately 959 million shares of our common stock at a weighted average exercise price of $0.009 per share, (ii) outstanding shares of our Series, A, B, C, D, E, G, and I Preferred Stock that, upon conversion without regard to any beneficial ownership limitations or advance conversion notice, would provide the holders with an aggregate of 966 million shares of our common stock. The issuance of shares of common stock upon exercise of outstanding options or conversion of preferred stock could result in substantial dilution to our stockholders, which may have a negative effect on the price of our common stock.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

ITEM 1C. CYBERSECURITY

Risk Management and Strategy

We recognize the critical importance of developing, implementing, and maintaining robust cybersecurity measures to safeguard our information systems and protect the confidentiality, integrity, and availability of our data.

Managing Material Risks & Integrated Overall Risk Management

We have strategically integrated cybersecurity risk management into our broader risk management framework to promote a company-wide culture of cybersecurity risk management. This integration ensures that cybersecurity considerations are an integral part of our decision-making processes at every level. Our management team works closely with our IT department to continuously evaluate and address cybersecurity risks in alignment with our business objectives and operational needs.

Oversee Third-party Risk

Because we are aware of the risks associated with third-party service providers, we have implemented stringent processes to oversee and manage these risks. We conduct thorough security assessments of all third-party providers before engagement and maintain ongoing monitoring to ensure compliance with our cybersecurity standards. The monitoring includes annual assessments of the SOC reports of our providers and implementing complementary controls. This approach is designed to mitigate risks related to data breaches or other security incidents originating from third-parties.

Risks from Cybersecurity Threats

We have not encountered cybersecurity challenges that have materially impaired our operations or financial standing.

ITEM 2. PROPERTIES

On August 1, 2022, the Company signed a lease agreement with JJ Real Co., an unrelated party, which commenced on August 1, 2022, for approximately 2,000 square feet, located at 1114 S St. Mary’s Street, Suite 120, San Antonio, TX 78210, for an initial payment of $5,350 per month, which includes a pro rata share of the common building expenses. The monthly lease payment is subject to adjustment per the lease agreement. The lease expires on July 31, 2027.

ITEM 3. LEGAL PROCEEDINGS

The Company may be involved in legal actions and claims arising in the ordinary course of business from time to time in the future. However, at this time there are no current legal proceedings to which the Company or any of its subsidiaries is a party or of which any of their property is the subject that is material.

ITEM 4. MINE SAFETY DISCLOSURES.

Not Applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON STOCK, RELATED STOCKHOLDER MATTERS, AND ISSUER PURCHASES OF EQUITY SECURITIES

Common Stock

The Company's common stock trades on the OTC Pink under the symbol "AIAD".

As of September 6, 2024, there were approximately 342 holders of the Company's common stock, not including shares held in "street name" in brokerage accounts, which are unknown.

Dividends

The Company has not declared or paid any cash dividends on its common stock and does not anticipate paying dividends for the foreseeable future.

Recent Sales of Unregistered Securities

There were no sales of unregistered securities during the fiscal year ended December 31, 2023, other than those transactions previously reported in on our quarterly reports on Form 10-Q and current reports on Form 8-K.

Issuer Purchases of Equity Securities

The Company did not repurchase any of its equity securities during its fiscal year ended December 31, 2023.

ITEM 6. RESERVED.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The following Management's Discussion and Analysis should be read in conjunction with our consolidated financial statements and the related notes thereto included elsewhere herein. The Management's Discussion and Analysis contains forward-looking statements that involve risks and uncertainties, such as statements of our plans, objectives, expectations and intentions. Any statements that are not statements of historical fact are forward-looking statements. When used, the words "believe," "plan," "intend," "anticipate," "target," "estimate," "expect," and the like, and/or future-tense or conditional constructions ("will," "may," "could," "should," etc.), or similar expressions, identify certain of these forward-looking statements. These forward-looking statements are subject to risks and uncertainties that could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements in this annual report. Our actual results and the timing of events could differ materially from those anticipated in these forward-looking statements as a result of several factors including, but not limited to, those noted under "Risk Factors" of the reports filed with the Securities and Exchange Commission. We do not undertake any obligation to update forward-looking statements to reflect events or circumstances occurring after the date of this annual report on Form 10-K, except as may be required under applicable law.

Overview

AiAdvertising's primary focus is to disrupt the digital advertising world by offering a solution that harnesses the power of artificial intelligence (AI) to enable marketers to increase productivity, efficiency and performance.

Critical Accounting Policies

Our discussion and analysis of our financial condition and results of operations, including the discussion on liquidity and capital resources, are based upon our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, management re-evaluates its estimates and judgments, particularly those related to the determination of the estimated recoverable amounts of trade accounts receivable, impairment of long-lived assets, revenue recognition, and deferred tax assets. We believe the following critical accounting policies require more significant judgment and estimates used in the preparation of the financial statements.

Among the significant judgments made by management in the preparation of our financial statements are the following:

Revenue Recognition

On January 1, 2018, the Company adopted ASU 2014-09 *Revenue from Contracts with Customers* and all subsequent amendments to the ASU (collectively, "ASC 606"), using the modified retrospective method applied to those contracts which were not completed as of January 1, 2018. Results for reporting periods beginning after January 1, 2018, are presented under Topic 606, while prior period amounts are not adjusted and continue to be reported in accordance with our historic accounting under Topic 605. Revenues are recognized when control of the promised goods or services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services. The adoption of ASC 606 did not have a material impact on the Company's Consolidated Financial Statements. See footnote 3 for a disclosure of our use of estimates and judgement, as it relates to revenue recognition.

Included in revenue are costs that are reimbursed by our clients, including third party services, such as photographers and stylists, furniture, supplies, and the largest component, digital advertising. We have determined, based on our review of ASC 606-10-55-39, that the amounts classified as reimbursable costs should be recorded as gross, due to the following factors:

- The Company is primarily in control of the inputs of the project and responsible for the completion of the client contract;
- We have discretion in establishing price; and
- We have discretion in supplier selection.

Accounts Receivable

The Company extends credit to its customers, who are located nationwide. Accounts receivable are customer obligations due under normal trade terms. The Company performs continuing credit evaluations of its customers' financial condition. Management reviews accounts receivable on a regular basis, based on contracted terms and how recently payments have been received to determine if any such amounts will potentially be uncollected. The Company includes any balances that are determined to be uncollectible in its allowance for doubtful accounts. After all attempts to collect a receivable have failed, the receivable is written off. The balances of the allowance account at December 31, 2023 and December 31, 2022 were $191,889 and $5,619 respectively.

Impairment of Long-Lived Assets

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be fully recoverable. To determine recoverability of a long-lived asset, management evaluates whether the estimated future undiscounted net cash flows from the asset are less than its carrying amount. If impairment is indicated, the long-lived asset would be written down to fair value. Fair value is determined by an evaluation of available price information at which assets could be bought or sold, including quoted market prices, if available, or the present value of the estimated future cash flows based on reasonable and supportable assumptions.

Indefinite Lived Intangibles and Goodwill Assets

The Company accounts for business combinations under the acquisition method of accounting in accordance with ASC 805, "Business Combinations," where the total purchase price is allocated to the tangible and identified intangible assets acquired and liabilities assumed based on their estimated fair values. The purchase price is allocated using the information currently available, and may be adjusted, up to one year from acquisition date, after obtaining more information regarding, among other things, asset valuations, liabilities assumed and revisions to preliminary estimates. The purchase price in excess of the fair value of the tangible and identified intangible assets acquired less liabilities assumed is recognized as goodwill.

The Company tests for indefinite lived intangibles and goodwill impairment in the fourth quarter of each year and whenever events or circumstances indicate that the carrying amount of the asset exceeds its fair value and may not be recoverable. In accordance with its policies, the Company performed a qualitative assessment of indefinite lived intangibles and goodwill at December 31, 2023 and determined the fair value of each intangible asset and goodwill did not exceed the respective carrying values. Therefore, an impairment of indefinite lived intangibles and goodwill was recognized.

The impairment test conducted by the Company includes an assessment of whether events occurred that may have resulted in impairment of goodwill and intangible assets. Because it was determined that events had occurred which effected the fair value of goodwill and intangible assets, the Company conducted the two-step approach to determine the fair value and required adjustment. The steps are as follows:

1. Based on the totality of qualitative factors, determine whether the carrying amount of the intangible asset may not be recoverable. Qualitative factors and key assumptions reviewed include the following:

    - Increases in costs, such as labor, materials or other costs that could negatively affect future cash flows. The Company assumed that costs associated with labor, materials, and other costs should be consistent with fair market levels. If the costs were materially higher than fair market levels, then such costs may adversely affect the future cash flows of the Company or reporting units.

    - Financial performance, such as negative or declining cash flows, or reductions in revenue may adversely affect recoverability of the recorded value of the intangible assets. During our analysis, the Company assumes that revenues should remain relatively consistent or show gradual growth month-to-month and quarter-to-quarter. If we report revenue declines, instead of increases or flat levels, then such condition may adversely affect the future cash flows of the Company or reporting units.

    - Legal, regulatory, contractual, political, business or other factors that could affect future cash flows. During our analysis, the Company assumes that the legal, regulatory, political or business conditions should remain consistent, without placing material pressure on the Company or any of its reporting units. If such conditions were to become materially different than what has been experienced historically, then such conditions may adversely affect the future cash flows of the Company or reporting units.

    - Entity-specific events such as losses of management, key personnel, or customers, may adversely affect future cash flows. During our analysis, the Company assumes that members of management, key personnel, and customers will remain consistent period-over-period. If not effectively replaced, the loss of members of management and key employees could adversely affect operations, culture, morale and overall success of the company. In addition, if material revenue from key customers is lost and not replaced, then future cash flows will be adversely affected.

    - Industry or market considerations, such as competition, changes in the market, changes in customer dependence on our service offering, or obsolescence could adversely affect the Company or its reporting units. We understand that the market we serve are constantly changing, requiring us to change with it. During our analysis, we assume that we will address new opportunities in service offering and industries served. If we do not make such changes, then we may experience declines in revenue and cash flow, making it difficult to re-capture market share.

    - Macroeconomic conditions such as deterioration in general economic conditions or limitations on accessing capital could adversely affect the Company. During our analysis, we acknowledge that macroeconomic factors, such as the economy, may affect our business plan because our customers may reduce budgets for our services. If there are material declines in the economy, which lead to reductions in revenue then such conditions may adversely affect the Company.

2. Compare the carrying amount of the intangible asset to the fair value.

3. If the carrying amount is greater than the fair value, then the carrying amount is reduced to reflect fair value.

Goodwill and Intangible assets are comprised of the following, presented as net of amortization:

	December 31, 2023	
	AiAdvertising	**Total**
Domain name	20,202	20,202
Total	$ 20,202	$ 20,202

	December 31, 2022	
	AiAdvertising	**Total**
Domain name	20,202	20,202
Total	$ 20,202	$ 20,202

Business Combinations

The Company allocates the fair value of purchase consideration to the tangible assets acquired, liabilities assumed and intangible assets acquired based on their estimated fair values. The excess of the fair value of purchase consideration over the fair values of these identifiable assets and liabilities is recorded as goodwill. Such valuations require management to make significant estimates and assumptions, especially with respect to intangible assets. Significant estimates in valuing certain intangible assets include, but are not limited to, future expected cash flows from acquired customer lists, acquired technology, and trade names from a market participant perspective, useful lives and discount rates. Management's estimates of fair value are based upon assumptions we believe to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates. During the measurement period, which is one year from the acquisition date, we may record adjustments to the assets acquired and liabilities assumed, with the corresponding offset to goodwill. Upon the conclusion of the measurement period, any subsequent adjustments are recorded to earnings.

Fair value of financial instruments

The Company's financial instruments, including cash and cash equivalents, accounts receivable, accounts payable, and accrued liabilities are carried at cost, which approximates their fair value, due to the relatively short maturity of these instruments. During the year ended December 31, 2023, the Company's notes payable had stated borrowing rates that were consistent with those currently available to the Company and, accordingly, the Company believes the carrying value of these debt instruments approximated their fair value. As of December 31, 2023 the Company has zero note payables.

Fair value is defined as the price to sell an asset or transfer a liability, between market participants at the measurement date. Fair value measurements assume that the asset or liability is (1) exchanged in an orderly manner, (2) the exchange is in the principal market for that asset or liability, and (3) the market participants are independent, knowledgeable, able and willing to transact an exchange. Fair value accounting and reporting establishes a framework for measuring fair value by creating a hierarchy for observable independent market inputs and unobservable market assumptions and expands disclosures about fair value measurements. Considerable judgment is required to interpret the market data used to develop fair value estimates. As such, the estimates presented herein are not necessarily indicative of the amounts that could be realized in a current exchange. The use of different market assumptions and/or estimation methods could have a material effect on the estimated fair value.

Off-Balance Sheet Arrangements

None

Recent Accounting Pronouncements

The Company does not elect to delay complying with any new or revised accounting standards, but to apply all standards required of public companies, according to those required application dates.

Management reviewed accounting pronouncements issued during the year ended December 31, 2023, and no pronouncements were adopted during the period.

Results of Operations for the Year Ended December 31, 2023, compared to the Year Ended December 31, 2022

REVENUE

Total revenue for the year ended December 31, 2023, increased by $1,426,660 to $8,170,957, compared to $6,744,297 for the year ended December 31, 2022. The increase was primarily due to new customer wins, but additional growth from current customers was additive as well. Benefits of our Campaign Performance Platform and its targeting capabilities are garnering interest among new clients as cookie-based tracking becomes more in doubt.

COST OF REVENUE

Cost of revenue for the year ended December 31, 2023, increased by $706,167 to $8,018,382, compared to $7,312,215 for the year ended December 31, 2022. The increase was primarily due to the increase in digital ad costs and salaries.

SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES

SG&A expenses for the year ended December 31, 2023, decreased by $1,099,233 to $6,852,960 compared to $7,952,193 for the year ended December 31, 2022. The decrease was primarily due to a decrease in employment levels, discretionary spending, and more efficient operations.

OTHER INCOME AND EXPENSE

Total other income and expense for the year ended December 31, 2023, increased by $404,839 to net other income of $435,026 compared to net other income of $30,187 for the year ended December 31, 2022. The increase in net other expense was primarily due to the receipt of employee retention credits for maintaining employment levels through the COVID-19 crisis.

NET LOSS

The net loss for the year ended December 31, 2023, was $6,265,359, compared to the net loss of $8,489,924 for the year ended December 31, 2022, a decrease of $2,224,565. The decrease in net loss for the period was primarily due to increased revenue generated through a reduced cost structure during the year ended December 31, 2023.

LIQUIDITY AND CAPITAL RESOURCES

The Company had a net working capital deficit of ($1,493,914) at December 31, 2023, compared to a net working capital of ($2,684,592) at December 31, 2022.

Cash flow used in operating activities was $5,542,258 for the year ended December 31, 2023, compared to cash flow used in operating activities of $4,875,539 for the year ended December 31, 2022. The increase in cash flow used in operating activities of $666,719 was primarily due to an increase in accounts receivable from revenue growth in the fourth quarter, reduced accounts payable from better liquidity reserves compared to a year ago and reduced deferred revenue at year-end.

Cash flow used in investing activities was $2,102 for the year ended December 31, 2023, compared to cash flow provided in investing activities of $4,224 for the year ended December 31, 2022. The decrease in cash flow used in investing activities of $6,326 was due to a decrease in capital expenditures during the year-ended 2023.

Cash flow provided by financing activities was $5,599,428 for the year ended December 31, 2023, compared to cash flow provided by financing activities of $1,033,884 for the year ended December 31, 2022. The increase in cash flow provided by financing activities of $4,565,544 was due to the sale of Series I Preferred stock to Hexagon Partners for $5 million, partially offset by reduced common stock sales during 2023 compared to 2022.

Liquidity is the ability of a company to generate funds to support its current and future operations, satisfy its obligations, and otherwise operate on an ongoing basis. Significant factors in the management of liquidity are funds generated by operations, levels of accounts receivable and accounts payable and capital expenditures.

As of December 31, 2023, the Company had equity line financing relationship with one investor. During the current period, the investor provides short-term financing under a stock purchase arrangement disclosed in footnote 10. The Company does not have any long-term sources of liquidity. As of December 31, 2023, there were no unused sources of liquidity, nor were there any commitments of material capital expenditures.

The Company has negative monthly cash flows from operations of approximately $200,000. The Company's current cash is not sufficient to sustain the Company's operations for 12 months without additional financing. To satisfy cash needs, the Company relies on various borrowing mechanisms to fund operations and service debt, as discussed above.

The Consolidated Financial Statements have been prepared on a going concern basis of accounting, which contemplates continuity of operations, realization of assets and liabilities and commitments in the normal course of business. Management believes that our current cash flow will not sustain our operations and obligations as they become due nor will they provide sufficient resources to allow the development of our core business operations without additional financing. The Company anticipates that it will raise additional capital through investments from our existing shareholders, prospective new investors and future revenue generated by our operations.

Any additional capital we may raise through the sale of equity or equity-backed securities may dilute current stockholders' ownership percentages and could also result in a decrease in the fair market value of our equity securities. The terms of the securities issued by us in future capital transactions may be more favorable to new investors and may include preferences, superior voting rights and the issuance of warrants or other derivative securities which may have a further dilutive effect.

Furthermore, any additional debt or equity or other financing that we may need may not be available on terms favorable to us, or at all. If we are unable to obtain required additional capital, we may have to curtail our growth plans or cut back on existing business. Further, we may not be able to continue operations if we do not generate sufficient revenues from operations.

We may incur substantial costs in pursuing future capital financing, including investment banking fees, legal fees, accounting fees, securities law compliance fees, printing and distribution expenses and other costs. We may also be required to recognize non-cash expenses in connection with certain securities we issue, such as convertible notes and warrants, which may adversely impact our reported financial results.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not required for smaller reporting companies.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA OF AIADVERTISING, INC.

AIADVERTISING, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED December 31, 2023 AND DECEMBER 31, 2022

CONTENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and
Stockholders of AiAdvertising, Inc. and subsidiaries

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of AiAdvertising, Inc and subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of operations, shareholders' equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022 and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Going Concern

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 financial statements, the Company has recurring net losses, working capital deficit, and stockholders' deficit as of December 31, 2023, which raises substantial doubt about its ability to continue as a going concern. Management's plans regarding those 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.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. 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, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting, 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.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing separate opinions on the critical audit matter or on the accounts or disclosures to which it relates.

Revenue Recognition

As discussed in Note 2 and Note 3, the Company recognizes revenue upon transfer of control of promised services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. The Company offers customers the ability to acquire multiple services. Significant judgment is exercised by the Company in determining revenue recognition for these customer agreements. Given these factors and due to the volume of transactions, the related audit effort in evaluating management's judgments in determining revenue recognition for these customer agreements was extensive and required a high degree of auditor judgment.

We confirmed contract details with the Company's customers, and we performed audit procedures that included, among others, agreeing the contract terms to supporting documentation and testing assumptions used to determine the allocation of the transaction price of other variables that impact revenue recognition.

/s/ M&K CPAS, PLLC

We have served as the Company's auditor since 2018.

The Woodlands, TX

September 12, 2024

AIADVERTISING, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

		December 31, 2023		December 31, 2022
ASSETS				
Current assets:				
Cash	$	110,899	$	55,831
Accounts receivable, net		517,344		95,300
Prepaid and other current Assets		58,982		105,076
Total current assets		687,225		256,207
Property and equipment, net		72,948		102,659
Right-of-Use assets		147,480		175,974
Other assets:				
Lease deposit		8,939		8,939
Goodwill and other intangible assets, net		20,202		20,202
Total other assets		29,141		29,141
Total assets		936,794		563,981
LIABILITIES AND SHAREHOLDERS' DEFICIT				
Current liabilities:				
Accounts payable		1,567,751		2,071,122
Accounts payable, related party		-		10,817
Accrued expenses		46,430		39,233
Operating lease liability		33,572		28,494
Deferred revenue and customer deposit		533,386		791,133
Total current liabilities		2,181,139		2,940,799
Operating lease obligation, net of current portion		113,907		147,480
Total liabilities		2,295,046		3,088,279
Shareholders' deficit:				
Preferred stock, $0.001 par value; 5,000,000 Authorized shares:				
Series A Preferred stock; 10,000 authorized, zero and 10,000 shares issued and outstanding;		-		-
Series B Preferred stock; 25,000 authorized, 18,025 shares issued and outstanding;		18		18
Series C Preferred stock; 25,000 authorized, 14,425 shares issued and outstanding;		14		14
Series D Preferred stock; 90,000 authorized, 86,021 and 90,000 shares issued and outstanding;		86		86
Series E Preferred stock; 10,000 authorized, 10,000 shares issued and outstanding;		10		10
Series F Preferred stock; 800,000 authorized, zero and zero shares issued and outstanding;		-		-
Series G Preferred stock; 2,600 authorized, 2,597 shares issued and outstanding;		3		3
Series H Preferred stock; 1,000 authorized, zero and zero shares issued and outstanding;		-		-
Series I Preferred stock; 3,000,000 authorized, 2,272,727 and zero shares issued and outstanding;		2,273		-
Series J Preferred stock; 700 authorized, zero and zero shares issued and outstanding;		-		-
Common stock, $0.001 par value; 10,000,000,000 and 2,000,000,000 authorized shares; 1,334,408,773 and 1,175,324,203 shares issued and outstanding, respectively		1,334,415		1,175,330
Additional paid in capital		56,865,961		49,595,914
Common stock payable, consisting of 5,000,000 shares valued at $0.1128		564,000		564,000
Accumulated deficit		(60,125,032)		(53,859,673)
TOTAL SHAREHOLDERS' EQUITY (DEFICIT)		(1,358,252)		(2,524,298)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)	$	936,794	$	563,981

AIADVERTISING, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	Twelve Months Ended December 31,	
	2023	2022
Revenue	$ 8,170,957	$ 6,744,297
Cost of Revenue	8,018,382	7,312,215
Gross Profit	152,575	(567,918)
Sales, general, and administrative expenses	6,852,960	7,952,193
Total operating expenses	6,852,960	7,952,193
Loss from operations	(6,700,385)	(8,520,111)
Other income (expense)		
Other income	435,026	4,990
Gain (loss) on Sales of Discontinued Operations	-	25,197
Total other income	435,026	30,187
Loss from operations before income taxes	(6,265,359)	(8,489,924)
Provision for income taxes	-	-
Net Loss	(6,265,359)	(8,489,924)
Dividends on preferred stock	-	-
Net loss attributable to common shareholders	$ (6,265,359)	$ (8,489,924)
Net loss per share:		
Basic	$ (0.00)	$ (0.01)
Diluted	$ (0.00)	$ (0.01)
Weighted-average common shares outstanding:		
Basic	1,313,030,101	1,123,312,864
Diluted	1,313,030,101	1,123,312,864

AIADVERTISING, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY (DEFICIT)

	Preferred Stock		Common Stock		Additional Paid-in Capital	Common Stock Payable	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount				
Balance, December 31, 2021	131,068	$ 131	1,055,556,518	$ 1,055,566	$46,667,049	$ 564,000	$ (45,369,749)	$ 2,916,997
Proceeds from issuance of common stock	-	-	104,508,102	104,505	929,379	-	-	1,033,884
Stock Issuance in exchange for services	-	-	15,009,900	15,009	108,365	-	-	123,374
Stock based compensation	-	-	-	-	1,891,371	-	-	1,891,371
Stock option exercised - cashless basis	-	-	3,190,442	3,190	(3,190)	-	-	-
Retired stock issuance	-	-	(2,940,759)	(2,940)	2,940	-	-	-
Net Loss	-	-	-	-	-	-	(8,489,924)	(8,489,924)
Balance, December 31, 2022	131,068	$ 131	1,175,324,203	$ 1,175,330	$49,595,914	$ 564,000	$ (53,859,673)	$(2,524,298)
Proceeds from issuance of preferred stock	2,272,727	2,273	-	-	4,997,727	-	-	5,000,000
Proceeds from issuance of common stock	-	-	155,153,457	155,154	444,274	-	-	599,428
Stock based compensation	-	-	-	-	1,831,977	-	-	1,831,977
Stock option exercised - cashless basis	-	-	3,931,113	3,931	(3,931)	-	-	-
Net Loss	-	-	-	-	-	-	(6,265,359)	(6,265,359)
Balance, December 31, 2023	2,403,795	$ 2,404	1,334,408,773	$ 1,334,415	$56,865,961	$ 564,000	$ (60,125,032)	$(1,358,252)

AIADVERTISING, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Twelve Months Ended December 31, 2023	For the Twelve Months Ended December 31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Loss	$ (6,265,359)	$ (8,489,924)
Adjustment to reconcile net (loss) income to net cash used in operating activities:		
Bad debt expense	272,532	(1,180)
Depreciation and amortization	31,813	37,553
Gain on extinguishment of debt		(4,990)
Gain on sale of discontinued operations	-	(25,197)
Stock based compensation	1,831,977	1,891,371
Non-cash service expense	-	123,374
Changes in assets and liabilities:		
Accounts receivable	(694,576)	403,302
Prepaid expenses and other assets	46,094	77,351
Costs in excess of billings	-	27,779
Lease deposit	-	861
Right-of-use assets	28,494	-
Accounts payable	(514,188)	1,279,395
Accrued expenses	7,197	(32,925)
Operating lease liability	(28,495)	-
Deferred revenue	(257,747)	299,498
Net cash (used in) provided by operating activities	(5,542,258)	(4,413,732)
INVESTING ACTIVITIES		
Cash paid for fixed assets	(2,102)	(20,973)
Proceeds from sale of discontinued operations	-	25,197
Net cash provided by (used in) investing activities	(2,102)	4,224
FINANCING ACTIVITIES		
Proceeds from sale of common stock	599,428	1,033,884
Proceeds from sale of preferred stock	5,000,000	-
Net cash provided by (used in) financing activities	5,599,428	1,033,884
Net increase in cash and cash equivalents	55,068	(3,375,624)
Cash and cash equivalents at beginning of period	55,831	3,431,455
Cash and cash equivalents at end of period	$ 110,899	$ 55,831
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Interest paid	$ -	$ -
Income taxes paid	$ -	$ -
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Right of use asset exchanged for lease liability	$ -	$ 186,706
Change in right of use asset	$ -	$ (70,608)
Retired stock issuance	$ -	$ 2,940
Exercise of stock options	$ 3,931	$ 3,190

AIADVERTISING, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 AND 2022

1. ORGANIZATION AND LINE OF BUSINESS

Organization

AiAdvertising, Inc. (“we”, “us”, “our” or the “Company”) is based in San Antonio, Texas, was incorporated in Nevada on January 22, 2002. The Company was formerly known as CloudCommerce, Inc., Warp 9, Inc., Roaming Messenger, Inc., and Latinocare Management Corporation (“LMC”). On July 9, 2015, we changed the name of the Company from Warp 9, Inc. to CloudCommerce, Inc. On August 5, 2021, CloudCommerce changed its name to AiAdvertising, Inc. We develop solutions that help our clients acquire, engage, and retain their customers by leveraging cutting-edge digital strategies and AI. We focus on using data analytics to drive the creation of great user experiences and effective digital marketing campaigns.

The Consolidated Financial Statements include the Company and its wholly owned subsidiaries CLWD Operations, Inc a Delaware corporation (“CLWD Operations”), Parscale Digital, Inc., a Nevada corporation (“Parscale Digital”), WebTegrity, Inc., a Nevada corporation (“WebTegrity”), Data Propria, Inc., a Nevada corporation (“Data Propria”), and Giles Design Bureau, Inc., a Nevada corporation (“Giles Design Bureau). All significant inter-company transactions are eliminated in the consolidation of the financial statements. The Company focuses on four main areas, artificial intelligence, digital marketing, creative design, and web development.

Going Concern

The accompanying Consolidated Financial Statements have been prepared on a going concern basis of accounting, which contemplates continuity of operations, realization of assets and liabilities and commitments in the normal course of business. The accompanying Consolidated Financial Statements do not reflect any adjustments that might result if the Company is unable to continue as a going concern. The Company does not generate significant revenue, and has negative cash flows from operations, which raise substantial doubt about the Company’s ability to continue as a going concern. The ability of the Company to continue as a going concern and appropriateness of using the going concern basis is dependent upon, among other things, raising additional capital. Historically, the Company has obtained funds from investors since its inception through sales of our securities. The Company will also seek to generate additional working capital from increasing sales from its data sciences, creative, website development and digital advertising service offerings, and continue to pursue its business plan and purposes. As of December 31, 2023, the Company had negative working capital of $1,493,914. We have historically reported net losses, and negative cash flows from operations, which raised substantial doubt about the Company’s ability to continue as a going concern in previous years. The appropriateness of using the going concern basis is dependent upon, among other things, raising additional capital. Historically, the Company has obtained funds from investors since its inception through sales of our securities. The Company will also seek to generate additional working capital from increasing sales from its Ai Platform, creative, website development and digital advertising service offerings, and continue to pursue its business plan and purposes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of AiAdvertising is presented to assist in understanding the Company’s Consolidated Financial Statements. The Consolidated Financial Statements and notes are representations of the Company’s management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the Consolidated Financial Statements.

The Consolidated Financial Statements include the Company and its wholly owned subsidiaries CLWD Operations, Inc a Delaware corporation (“CLWD Operations”), and Giles Design Bureau, Inc., a Nevada corporation (“Giles Design Bureau). During year ended December 31, 2022, the Company dissolved Parscale Digital, Inc., Data Propria, Inc., and WebTegrity, Inc. All significant inter-company transactions are eliminated in consolidation of the financial statements.

Accounts Receivable

The Company provides an allowance for doubtful accounts equal to the estimated uncollectible amounts pursuant to the guidance of Accounting Standards Update (ASU) 2016-13, Financial Instruments – Credit Losses (Topic 326) as codified in Accounts Standards Codification (ASC) 326, Financial Instruments – Credit Losses. Under ASC 326, the Company utilizes a current and expected credit loss (CECL) impairment model. ASU 2016-13 became effective for us on January 1, 2023. The Company’s estimate is based on historical collection experience and a review of the current status of trade accounts receivable. It is reasonably possible that the Company’s estimate of the allowance for doubtful accounts will change. Accounts receivables are presented net of an allowance for doubtful accounts of $191,889 and $5,619 at December 31, 2023, and 2022, respectively.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of estimates and assumptions by management in determining the reported amounts of assets and liabilities, disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates are primarily used in our revenue recognition, the allowance for doubtful account receivable, fair value assumptions in accounting, intangible assets and long-lived asset impairments and adjustments, the deferred tax valuation allowance, and the fair value of stock options and warrants.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. As of December 31, 2023, the Company held cash and cash equivalents in the amount of $110,899 which was held in the Company's operating bank accounts. As of December 31, 2023, the company held zero funds in bank accounts above the FDIC insured $250,000 limit.

Revenue Recognition

The Company recognizes income when the service is provided or when product is delivered. We present revenue, net of customer incentives. Most of our income is generated from professional services and site development fees. We provide online marketing services that we purchase from third parties. The gross revenue presented in our statement of operations includes digital advertising revenue. We also offer professional services such as development services. The fees for development services with multiple deliverables constitute a separate unit of accounting in accordance with ASC 606, which are recognized as the work is performed. Upfront fees for development services or other customer services are deferred until certain implementation or contractual milestones have been achieved. If we have performed work for our clients, but have not invoiced clients for that work, then we record the value of the work on the balance sheet as costs in excess of billings. The terms of services contracts generally are for periods of less than one year. The deferred revenue and customer deposits as of December 31, 2023, and December 31, 2022, were $533,386 and $791,133, respectively. The costs in excess of billings as of December 31, 2023, and December 31, 2022, was $0.

We always strive to satisfy our customers by providing superior quality and service. Since we typically bill based on a Time and Materials basis, there are no returns for work delivered. When discrepancies or disagreements arise, we do our best to reconcile them by assessing the situation on a case-by-case basis and determining if any discounts can be given. Historically, we have not granted any significant discounts.

Included in revenue are costs that are reimbursed by our clients, including third party services, such as photographers and stylists, furniture, supplies, and the largest component, digital advertising. We have determined, based on our review of ASC 606-10-55-39, that the amounts classified as reimbursable costs should be recorded as gross revenue, due to the following factors:

- The Company is primarily in control of the inputs of the project and responsible for the completion of the client contract;
- We have discretion in establishing price; and
- We have discretion in supplier selection.

The Company records revenue into the following four categories:

- Design – Includes branding, photography, copyrighting, printing, signs and interior design.
- Development – Includes website coding.
- Digital Marketing – Includes ad spend, SEO management and digital ad support.
- Platform License – Includes our existing client creative assets and intelligently recommends enhancements to optimize performance by using artificial intelligence.

	Years ended December 31, 2023			Years ended December 31, 2022		
	Third Parties	Related Parties	Total	Third Parties	Related Parties	Total
Design	1,521,646	-	1,521,646	1,483,138	-	1,483,138
Development	29,500	-	29,500	15,631	-	15,631
Digital Marketing	6,146,791	-	6,146,791	4,614,453	-	4,614,453
Platform License	473,020	-	473,020	631,075	-	631,075
Total	$ 8,170,957	$ -	$ 8,170,957	$ 6,744,297	$ -	$ 6,744,297

Research and Development

Research and development costs are expensed as incurred. Total research and development costs were $247,530 and $535,833 for the years ended December 31, 2023, and 2022, respectively.

Advertising Costs

The Company expenses the cost of advertising and promotional materials when incurred. Total advertising costs were $334,364 and $1,184,982 for the years ended December 31, 2023, and 2022, respectively.

Fair value of financial instruments

The Company's financial instruments, including cash and cash equivalents, accounts receivable, accounts payable, and accrued liabilities are carried at cost, which approximates their fair value, due to the relatively short maturity of these instruments. As of December 31, 2023, and December 31, 2022, the Company's notes payable have stated borrowing rates that are consistent with those currently available to the Company and, accordingly, the Company believes the carrying value of these debt instruments approximates their fair value.

Fair value is defined as the price to sell an asset or transfer a liability, between market participants at the measurement date. Fair value measurements assume that the asset or liability is (1) exchanged in an orderly manner, (2) the exchange is in the principal market for that asset or liability, and (3) the market participants are independent, knowledgeable, able and willing to transact an exchange. Fair value accounting and reporting establishes a framework for measuring fair value by creating a hierarchy for observable independent market inputs and unobservable market assumptions and expands disclosures about fair value measurements. Considerable judgment is required to interpret the market data used to develop fair value estimates. As such, the estimates presented herein are not necessarily indicative of the amounts that could be realized in a current exchange. The use of different market assumptions and/or estimation methods could have a material effect on the estimated fair value.

ASC Topic 820 established a three-tier fair value hierarchy which prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1measurements) and the lowest priority to unobservable inputs (level 3 measurements). These tiers include:

- Level 1, defined as observable inputs such as quoted prices for identical instruments in active markets;
- Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable such as quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in markets that are not active; and
- Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions, such as valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

Property and Equipment

Property and equipment are stated at cost, and are depreciated or amortized using the straight-line method over the following estimated useful lives:

		As of December 31,	
	Years	**2023**	**2022**
Equipment	5-7	$ 243,356	$ 241,254
Office furniture	7	76,002	76,002
Leasehold improvements	Shorter of use of life or Length of lease	-	-
Less accumulated depreciation		(246,410)	(214,598)
Net property and equipment		$ 72,948	$ 102,659

The following table discloses fixed asset transactions and recordings during the years ended December 31, 2023, and December 31, 2022:

	Year ended December 31, 2023	**Year ended December 31, 2022**
Depreciation expense	$ 31,813	$ 37,553
Gain/(loss) on disposals	-	-
Cash paid for fixed asset additions	2,102	20,973

Impairment of Long-Lived Assets

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be fully recoverable. To determine recoverability of a long-lived asset, management evaluates whether the estimated future undiscounted net cash flows from the asset are less than its carrying amount. If impairment is indicated, the long-lived asset would be written down to fair value. Fair value is determined by an evaluation of available price information at which assets could be bought or sold, including quoted market prices, if available, or the present value of the estimated future cash flows based on reasonable and supportable assumptions.

Indefinite Lived Intangibles

The Company accounts for business combinations under the acquisition method of accounting in accordance with ASC 805, "Business Combinations," where the total purchase price is allocated to the tangible and identified intangible assets acquired and liabilities assumed based on their estimated fair values. Significant estimates in valuing certain intangible assets include, but are not limited to, future expected cash flows from acquired customer lists, acquired technology, and trade names from a market participant perspective, useful lives and discount rates. Management's estimates of fair value are based upon assumptions we believe to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates. The purchase price is allocated using the information currently available, and may be adjusted, up to one year from acquisition date, after obtaining more information regarding, among other things, asset valuations, liabilities assumed and revisions to preliminary estimates. The purchase price in excess of the fair value of the tangible and identified intangible assets acquired less liabilities assumed is recognized as goodwill.

The Company tests for indefinite lived intangibles and goodwill impairment in the fourth quarter of each year and whenever events or circumstances indicate that the carrying amount of the asset exceeds its fair value and may not be recoverable.

The impairment test conducted by the Company includes a two-step approach to determine whether it is more likely than not that impairment exists. If it is determined, after step one, that it is not more likely than not, that impairment exists, then no further analysis is conducted. The steps are as follows:

1. Based on the totality of qualitative factors, determine whether the carrying amount of the intangible asset may not be recoverable. Qualitative factors and key assumptions reviewed include the following:

   - Increases in costs, such as labor, materials or other costs that could negatively affect future cash flows. The Company assumed that costs associated with labor, materials, and other costs should be consistent with fair market levels. If the costs were materially higher than fair market levels, then such costs may adversely affect the future cash flows of the Company or reporting units.

   - Financial performance, such as negative or declining cash flows, or reductions in revenue may adversely affect recoverability of the recorded value of the intangible assets. During our analysis, the Company assumes that revenues should remain relatively consistent or show gradual growth month-to-month and quarter-to-quarter. If we report revenue declines, instead of increases or flat levels, then such condition may adversely affect the future cash flows of the Company or reporting units.

   - Legal, regulatory, contractual, political, business or other factors that could affect future cash flows. During our analysis, the Company assumes that the legal, regulatory, political or business conditions should remain consistent, without placing material pressure on the Company or any of its reporting units. If such conditions were to become materially different than what has been experienced historically, then such conditions may adversely affect the future cash flows of the Company or reporting units.

   - Entity-specific events such as losses of management, key personnel, or customers, may adversely affect future cash flows. During our analysis, the Company assumes that members of management, key personnel, and customers will remain consistent period-over-period. If not effectively replaced, the loss of members of management and key employees could adversely affect operations, culture, morale and overall success of the company. In addition, if material revenue from key customers is lost and not replaced, then future cash flows will be adversely affected.

   - Industry or market considerations, such as competition, changes in the market, changes in customer dependence on our service offerings, or obsolescence could adversely affect the Company or its reporting units. We understand that the markets we serve are constantly changing, requiring us to change with them. During our analysis, we assume that we will address new opportunities in service offering and industries served. If we do not make such changes, then we may experience declines in revenue and cash flow, making it difficult to re-capture market share.

   - Macroeconomic conditions such as deterioration in general economic conditions or limitations on accessing capital could adversely affect the Company. During our analysis, we acknowledge that macroeconomic factors, such as the economy, may affect our business plan because our customers may reduce budgets for our services. If there are material worsening in economic conditions, which lead to reductions in revenue then such conditions may adversely affect the Company.

2. Compare the carrying amount of the intangible asset to the fair value.

3. If the carrying amount is greater than the fair value, then the carrying amount is reduced to reflect fair value.

Intangible assets are comprised of the following, presented as net of amortization:

December 31, 2023

	AiAdvertising	Total
Domain name	20,202	20,202
Total	$ 20,202	$ 20,202

December 31, 2022

	AiAdvertising	Total
Domain name	20,202	20,202
Total	$ 20,202	$ 20,202

Concentrations of Business and Credit Risk

The Company operates in a single industry segment. The Company markets its services to companies and individuals in many industries and geographic locations. The Company's operations are subject to rapid technological advancement and intense competition. Accounts receivable represent financial instruments with potential credit risk. The Company typically offers its customers credit terms. The Company makes periodic evaluations of the credit worthiness of its enterprise customers and other than obtaining deposits pursuant to its policies, it generally does not require collateral. In the event of nonpayment, the Company has the ability to terminate services. As of December 31, 2023, the Company held cash and cash equivalents in the amount of $110,899 which was held in the operating bank accounts. Of this amount, $0 is held in amounts exceeding the FDIC insured limit of $250,000 for each account. For further discussion on Concentrations see footnote 10.

Stock-Based Compensation

The Company addressed the accounting for share-based payment transactions in which an enterprise receives employee services in exchange for either equity instruments of the enterprise or liabilities that are based on the fair value of the enterprise's equity instruments or that may be settled by the issuance of such equity instruments. The transactions are accounted for using a fair-value-based method and recognized as expenses in our statement of operations.

Stock-based compensation expense recognized during the period is based on the value of the portion of stock-based payment awards that is ultimately expected to vest. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. The stock-based compensation expense recognized in the consolidated statements of operations during the years ended December 31, 2023, and 2022 was $1,831,977 and $1,891,371, respectively.

Basic and Diluted Net Income (Loss) per Share Calculations

Income (Loss) per Share dictates the calculation of basic earnings per share and diluted earnings per share. Basic earnings per share are computed by dividing income available to common shareholders by the weighted-average number of common shares available. Diluted earnings per share is computed similar to basic earnings per share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common shares had been issued and if the additional common shares were dilutive. Dilutive per share amounts are computed using the weighted-average number of common shares outstanding and potentially dilutive securities, using the treasury stock method if their effect would be dilutive. The shares for employee options, warrants and convertible notes were used in the calculation of the income per share.

At December 31, 2023, the Company has excluded the following dilutive shares of common stock because their impact on the loss per share would be anti-dilutive: 875,566,666 shares of common stock underlying options, 162,703,869 shares of common stock underlying warrants, 18,025 Series B Preferred shares convertible into 450,625,000 shares of common stock, 14,425 Series C Preferred shares convertible into 144,250,000 shares of common stock, 86,021 Series D Preferred shares convertible into 215,052,500 shares of common stock, 10,000 Series E Preferred shares convertible into 20,000,000 shares of common stock, and 2,597 Series G Preferred shares convertible into 136,684,211 shares of common stock; and 2,272,727 Series I Preferred shares convertible into 909,090,800 shares of common stock. As of December 31, 2023, there was a total of 2,913,973,046 potentially dilutive shares of common stock issuable.

At December 31, 2022, the Company has excluded the following dilutive shares of common stock because their impact on the loss per share would be anti-dilutive: 117,151,512 shares of common stock underlying options, 162,703,869 shares of common stock underlying warrants, 18,025 Series B Preferred shares convertible into 450,625,000 shares of common stock, 14,425 Series C Preferred shares convertible into 144,250,000 shares of common stock, 86,021 Series D Preferred shares convertible into 215,052,500 shares of common stock, 10,000 Series E Preferred shares convertible into 20,000,000 shares of common stock, and 2,597 Series G Preferred shares convertible into 136,684,211 shares of common stock. As of December 31, 2022, there was a total of 1,246,467,092 potentially dilutive shares of common stock issuable.

Recently Adopted Accounting Pronouncements

Management does not believe that any other recently issued but not yet effective accounting standards, if currently adopted, would have a material effect on the accompanying consolidated financial statements.

Income Taxes

The Company uses the asset and liability method of accounting for income taxes. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to financial statements carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry-forwards. The measurement of deferred tax assets and liabilities is based on provisions of applicable tax law. The measurement of deferred tax assets is reduced, if necessary, by a valuation allowance based on the amount of tax benefits that, based on available evidence, the Company does not expect realize.

3. REVENUE RECOGNITION

On January 1, 2018, the Company adopted ASU 2014-09 *Revenue from Contracts with Customers* and all subsequent amendments to the ASU (collectively, “ASC 606”), using the modified retrospective method applied to those contracts which were not completed as of January 1, 2018. Results for reporting periods beginning after January 1, 2018, are presented under Topic 606, while prior period amounts are not adjusted and continue to be reported in accordance with our historic accounting under Topic 605. Revenues are recognized when control of the promised goods or services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services. The adoption of ASC 606 did not have a material impact on the Company’s Consolidated Financial Statements.

The core principles of revenue recognition under ASC 606 includes the following five criteria:

1. Identify the contract with the customer

   Contract with our customers may be oral, written, or implied. A written and signed contract stating the terms and conditions is the preferred method and is consistent with most customers. The terms of a written contract may be contained within the body of an email, during which proposals are made and campaign plans are outlined, or it may be a stand-alone document signed by both parties. Contracts that are oral in nature are consummated in status and pitch meetings and may be later followed up with an email detailing the terms of the arrangement, along with a proposal document. No work is commenced without an understanding between the Company and our customers, that a valid contract exists.

2. Identify the performance obligations in the contract

   Our sales and account management teams define the scope of services to be offered, to ensure all parties are in agreement and obligations are being delivered to the customer as promised. The performance obligation may not be fully identified in a mutually signed contract, but may be outlined in email correspondence, face-to-face meetings, additional proposals or scopes of work, or phone conversations.

3. Determine the transaction price

   Pricing is discussed and identified by the operations team prior to submitting a proposal to the customer. Based on the obligation presented, third-party service pricing is established, and time and labor are estimated, to determine the most accurate transaction pricing for our customer. Price is subject to change upon agreed parties, and could be fixed or variable, milestone focused or time and materials.

4. Allocate the transaction price to the performance obligations in the contract

   If a contract involves multiple obligations, the transaction pricing is allocated accordingly, during the performance obligation phase (criteria 2 above).

5. Recognize revenue when (or as) we satisfy a performance obligation

   The Company uses several means to satisfy the performance obligations:

   a. Billable Hours – The Company employs a time tracking system where employees record their time by project. This method of satisfaction is used for time and material projects, change orders, website edits, revisions to designs, and any other project that is hours-based. The hours satisfy the performance obligation as the hours are incurred.

b. Ad Spend - To satisfy ad spend, the Company generates analytical reports monthly or as required to show how the ad dollars were spent and how the targeting resulted in click-throughs. The ad spend satisfies the performance obligation, regardless of the outcome or effectiveness of the campaign. In addition, the Company utilizes third party invoices after the ad dollars are spent, in order to satisfy the obligation.

c. Milestones – If the contract requires milestones to be hit, then the Company satisfies the performance obligation when that milestone is completed and presented to the customer for review. As each phase of a project is complete, we consider it as a performance obligation being satisfied and transferred to the customer. At this point, the customer is invoiced the amount due based on the transaction pricing for that specific phase and/or we apply the customer deposit to recognize revenue.

d. Monthly Retainer – If the contract is a retainer for work performed, then the customer is paying the Company for its expertise and accessibility, not for a pre-defined amount of output. In this case, the obligation is satisfied at the end of the period, regardless of the amount of work effort required.

Historically, the Company generates income from four main revenue streams: Platform, creative design, web development, and digital marketing. Each revenue stream is unique, and includes the following features:

Platform

We provide a subscription-based, end-to-end Ad Management Campaign Performance Platform. We believe in harnessing the power of artificial intelligence (AI) and machine learning (ML) to eliminate waste and maximize return on digital ad spend. The platform empowers brands and agencies to easily target, predict, create, scale, and measure hyper-personalized campaigns. We prove what works and what doesn’t, enabling our clients to make informed and strategic decisions impacting their bottom lines positively. We classify revenue as a percentage of the ad spend budget or as a monthly fixed fee for the platform license subscription. Contracts are generated to assure both the Company and the client are committed to partnership, agree to the defined terms and conditions, and are typically for one year. The transaction price is usually a percentage of the media budget, which is subject to change on a case-by-case basis. The Company evaluates the fair value of the platform license obligation by using the expected cost-plus margin approach to determine the reasonableness of the transaction price. The Company recognizes revenue when performance obligations are met, such as the ad spend has run for percentage-based contracts. If the platform license fee is fixed, then the obligation is earned at the end of the period, regardless of how much media spend is performed.

Creative Design

We provide branding and creative design services, which we believe, set apart our clients from their competitors and establish them in their specific markets. We believe in showcasing our clients’ brands uniquely and creatively to infuse the public with curiosity to learn more. We classify revenue as creative design that includes branding, photography, copyrighting, printing, signs and interior design. Contracts are generated to assure both the Company and the client are committed to partnership and both agree to the defined terms and conditions and are typically less than one year. The Company recognizes revenue when performance obligations are met, usually when creative design services obligations are complete, when the hours are recorded, designs are presented, website themes are complete, or any other criteria as mutually agreed.

Web Development

We develop websites that attract high levels of traffic for our clients. We offer our clients the expertise to manage and protect their website, and the agility to adjust their online marketing strategy as their business expands. We classify revenue as web development that includes website coding, website patch installs, ongoing development support and fixing inoperable sites. Contracts are generated to assure both the Company and the client are committed to the partnership and both agree to the defined terms and conditions. Although most projects are long-term (6-8 months) in scope, we do welcome short-term projects which are invoiced as the work is completed at a specified hourly rate. The Company records web development revenue as earned, when the developer hours are recorded (if time and materials arrangements) or when the milestones are achieved (if a milestone arrangement).

Digital Marketing

We have a reputation for providing digital marketing services that get results. We classify revenue as digital marketing, including, ad spend and digital ad support. Billable hours and advertising spending are estimated based on client-specific needs and subject to change with client concurrence. Revenue is recognized when ads are run on one of the third-party platforms or when the hours are recorded by the digital marketing specialist if the obligation relates to support or services.

Included in creative design and digital marketing revenues are costs that are reimbursed by our clients, including third-party services, such as photographers and stylists, supplies, and the largest component, digital advertising. We have determined, based on our review, that the amounts classified as reimbursable costs should be recorded as gross (principal), due to the following factors:

- The Company is the primary obligor in the arrangement;

- We have latitude in establishing price;

- We have discretion in supplier selection; and

The Company has credit risk included in creative design and digital marketing revenues are costs that are reimbursed by our clients, including third party services, such as photographers and stylists, supplies, and the largest component, digital advertising. We have determined, based on our review, that the amounts classified as reimbursable costs should be recorded as gross (principal), due to the following factors:

- The Company is the primary obligor in the arrangement;

- We have latitude in establishing price;

- We have discretion in supplier selection; and

- The Company has credit risk

During the year ended December 31, 2023 and 2022, we included $5,942,483 and $4,694,698 respectively, in revenue related to reimbursable costs. The deferred revenue and customer deposits as of December 31, 2023 and December 31, 2022 were $533,386 and $791,133, respectively.

For the years ended December 31, 2023, and 2022, revenue was disaggregated into the four categories as follows:

	Years ended December 31, 2023			**Years ended December 31, 2022**		
	Third Parties	**Related Parties**	**Total**	**Third Parties**	**Related Parties**	**Total**
Design	1,521,646	-	1,521,646	1,483,138	-	1,483,138
Development	29,500	-	29,500	15,631	-	15,631
Digital Marketing	6,146,791	-	6,146,791	4,614,453	-	4,614,453
Platform License	473,020	-	473,020	631,075	-	631,075
Total	$ 8,170,957	$ -	$ 8,170,957	$ 6,744,297	$ -	$ 6,744,297

4. LIQUIDITY AND OPERATIONS

The Company had a net loss of $6,265,359 for the year ended December 31, 2023, a net loss of $8,489,924 for the year ended December 31, 2022, and net cash used in operating activities of $(5,542,258) and $(4,875,539), in the same periods, respectively.

While the Company expects that its capital needs in the foreseeable future may be met by cash-on-hand and projected positive cash-flow, there is no assurance that the Company will be able to generate enough positive cash flow to finance its growth and business operations in which event, the Company may need to seek outside sources of capital. There can be no assurance that such capital will be available on terms that are favorable to the Company or at all.

5. INTANGIBLE ASSETS

Domain Name

On June 26, 2015, the Company purchased the rights to the domain "CLOUDCOMMERCE.COM", from a private party at a purchase price of $20,000, plus transaction costs of $202. We use the domain as the main landing page for the Company. The total recorded cost of this domain of $20,202 has been included in other assets on the balance sheet. As of December 31, 2023, we determined that this domain has an indefinite useful life, and as such, is not included in depreciation and amortization expense. The Company will assess this intangible asset annually for impairment, in addition to it being classified with indefinite useful life.

The Company will assess this intangible asset for impairment, if an event occurs that may affect the fair value, or at least annually.

The Company's intangible assets consist of the following:

	December 31, 2023			December 31, 2022		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
Domain name	20,202	-	20,202	20,202	-	20,202
Total	$ 20,202	$ -	$ 20,202	$ 20,202	$ -	$ 20,202

Total amortization expense charged to operations for the years ended December 31, 2023, and 2022, was $0.

6. CAPITAL STOCK

At December 31, 2023 and December 31, 2022, the Company's authorized stock consists of 10,000,000,000 shares of common stock, par value $0.001 per share, and 5,000,000 shares of preferred stock, par value of $0.001 per share. The rights, preferences, and privileges of the holders of the preferred stock will be determined by the Board of Directors prior to issuance of such shares. The conversion of certain outstanding preferred stock could have a significant impact on our common stockholders. As of the date of this report, the Board has designated Series A, Series B, Series C, Series D, Series E, Series F, Series G, Series H, Series I, and Series J Preferred Stock.

Series A Preferred

The Company has designated 10,000 shares of its preferred stock as Series A Preferred Stock. Each share of Series A Preferred Stock is convertible into 10,000 shares of the Company's common stock. The holders of outstanding shares of Series A Preferred Stock are entitled to receive dividends, payable quarterly, out of any assets of the Company legally available therefore, at the rate of $8 per share annually, payable in preference and priority to any payment of any dividend on the common stock. As of December 31, 2023, the Company had zero shares of Series A Preferred Stock outstanding. As of December 31, 2023, and December 31, 2022, the balance owed on the Series A Preferred stock dividend was zero.

Series B Preferred

The Company has designated 25,000 shares of its preferred stock as Series B Preferred Stock. Each share of Series B Preferred Stock has a stated value of $100. The Series B Preferred Stock is convertible into shares of the Company's common stock in amount determined by dividing the stated value by a conversion price of $0.004 per share. The Series B Preferred Stock does not have voting rights except as required by law and with respect to certain protective provisions set forth in the Certificate of Designation of Series B Preferred Stock. As of December 31, 2023, and December 31, 2022, the Company has 18,025 shares of Series B Preferred Stock outstanding.

Series C Preferred

The Company has designated 25,000 shares of its preferred stock as Series C Preferred Stock. Each share of Series C Preferred Stock has a stated value of $100. The Series C Preferred Stock is convertible into shares of the Company's common stock in the amount determined by dividing the stated value by a conversion price of $0.01 per share. The Series C Preferred Stock does not have voting rights except as required by law and with respect to certain protective provisions set forth in the Certificate of Designation of Series C Preferred Stock. As of December 31, 2023, and December 31, 2022, the Company has 14,425 shares of Series C Preferred Stock outstanding.

Series D Preferred

The Company has designated 90,000 shares of its preferred stock as Series D Preferred Stock. Each share of Series D Preferred Stock has a stated value of $100. The Series D Preferred Stock is convertible into common stock at a ratio of 2,500 shares of common stock per share of preferred stock, and pays a quarterly dividend, calculated as (1/90,000) x (5% of the Adjusted Gross Revenue) of the Company's subsidiary Parscale Digital. Adjusted Gross Revenue means the top line gross revenue of Parscale Digital, as calculated under GAAP (generally accepted accounting principles) less any reselling revenue attributed to third party advertising products or service, such as, but not limited to, search engine keyword campaign fees, social media campaign fees, radio or television advertising fees, and the like. The Series D Preferred Stock does not have voting rights except as required by law and with respect to certain protective provisions set forth in the Certificate of Designation of Series D Preferred Stock. As of December 31, 2023, and December 31, 2022, the Company had 86,021 shares of Series D Preferred Stock outstanding. During the years ended December 31, 2023, and December 31, 2022, we paid dividends of $0, and $0 respectively, to the holders of Series D Preferred stock. As of December 31, 2023, and December 31, 2022, the balance owed on the Series D Preferred stock dividend was zero.

Series E Preferred

The Company has designated 10,000 shares of its preferred stock as Series E Preferred Stock. Each share of Series E Preferred Stock has a stated value of $100. The Series E Preferred Stock is convertible into shares of the Company's common stock in an amount determined by dividing the stated value by a conversion price of $0.05 per share. The Series E Preferred Stock does not have voting rights except as required by law and with respect to certain protective provisions set forth in the Certificate of Designation of Series E Preferred Stock. As of December 31, 2023, and December 31, 2022, the Company has 10,000 shares of Series E Preferred Stock outstanding.

Series F Preferred

The Company has designated 800,000 shares of its preferred stock as Series F Preferred Stock. Each share of Series F Preferred Stock has a stated value of $25. The Series F Preferred Stock is not convertible into common stock. The holders of outstanding shares of Series F Preferred Stock are entitled to receive dividends, at the annual rate of 10%, payable monthly, payable in preference and priority to any payment of any dividend on the Company's common stock. The Series F Preferred Stock does not have voting rights, except as required by law and with respect to certain protective provisions set forth in the Certificate of Designation. To the extent it may lawfully do so, the Company may, in its sole discretion, after the first anniversary of the original issuance date of the Series F Preferred Stock, redeem any or all of the then outstanding shares of Series F Preferred Stock at a redemption price of $25 per share plus any accrued but unpaid dividends. The Series F Preferred Stock was offered in connection with the Company's offering under Regulation A under the Securities Act of 1933, as amended. As of December 31, 2023, and December 31, 2022, the Company had zero shares of Series F Preferred Stock outstanding, and the balance on stock dividend was zero.

Series G Preferred

On February 6, 2020, the Company designated 2,600 shares of its preferred stock as Series G Preferred Stock. Each share of Series G Preferred Stock has a stated value of $100. The Series G Preferred Stock is convertible into shares of the Company's common stock in an amount determined by dividing the stated value by a conversion price of $0.0019 per share. The Series G Preferred Stock does not have voting rights except as required by law and with respect to certain protective provisions set forth in the Certificate of Designation of Series G Preferred Stock. As of December 31, 2023, and December 31, 2022, the Company had 2,597 shares of Series G Preferred Stock outstanding.

Series H Preferred

On March 18, 2021, the Company issued 1,000 shares of its Series H Preferred Stock to the Chief Executive Officer of the Company, Andrew Van Noy. The Series H Preferred Stock is not convertible into shares of the Company's common stock and entitles the holder to 51% of the voting power of the Company's shareholders, as set forth in the Certificate of Designation. The 1,000 shares of Series H Preferred stock provided for automatic redemption by the Company at the par value of $0.001 per share on the sooner of: 1) sixty days (60) from the effective date of the Certificate of Designation, 2) on the date Andrew Van Noy ceases to serve as an officer, director or consultant of the Company, or 3) on the date that the Company's shares of common stock first trade on any national securities exchange. On May 18, 2021, the Company redeemed all shares of Series H Preferred stock.

On September 29, 2021, the Company filed a certificate of withdrawal with the Secretary of State of Nevada, to withdraw the Company's existing certificate of designation of Series H Preferred Stock, filed a certificate of designation for a new series of Series H Preferred Stock with the Secretary of State of Nevada, and issued 1,000 shares of Series H Preferred Stock to Andrew Van Noy, the Company's chief executive officer, for services rendered. As of December 31, 2023, and December 31, 2022, there was zero shares of Series H Preferred stock outstanding**.**

Series I Preferred

On April 10, 2023, the Company designated 3,000,000, shares of its preferred stock as Series I Preferred Stock. Each share of Series I Preferred Stock has a stated value of $0.001. The Series I Preferred Stock is convertible into shares of the Company's common stock at the option of the shareholder, at any time and from time to time, into four hundred (400) fully-paid and non-assessable shares of Common stock. The Series I Preferred Stock has voting rights equal to 400 common votes per Series I share on all matters upon which the holders of Common stock of the Company are entitled to vote, except as required by law and with respect to certain protective provisions set forth in the Certificate of Designation of Series I Preferred Stock. On April 11, 2023, Hexagon Partners, Ltd. purchased 2,272,727 shares of Series I Preferred Stock at a purchase price of $2.20 per share. The Company also granted the Purchaser a six-month option from the date of the initial closing to purchase (i) up to 333,333 additional shares of Series I Preferred Stock for a purchase price of $6.00 per share, and (ii) up to 312,500 shares of Series I Preferred Stock for a purchase price of $7.20 per share. For so long as at least 50% of the Series I Preferred Stock purchased have not been redeemed by the Company or converted into common stock of the Company, Hexagon will have the right to designate two directors to the Company's Board of Directors (the "Board"), and the Company may not increase the size of the Board above six directors without Hexagon's prior written consent. As of December 31, 2023, the Company had 2,272,727 shares of Series I Preferred Stock outstanding and as of December 31, 2022, the Company had zero shares of Series I Preferred Stock outstanding.

Series J Junior Participating Preferred

On June 7, 2023, the Company designated 700,000 shares of its preferred stock as Series J Junior Participating Preferred Stock. Each share of Series J Preferred Stock has a stated value of $0.001. Pursuant to the Rights Agreement, the Board declared a dividend distribution of one preferred share purchase right (a "Right") for each outstanding share of common stock, held by the shareholders of the Company at the close of business on June 7, 2023 (the "Record Date"). Holders of the Company's warrants and certain of its existing preferred stock (including the Series I Preferred stock issued pursuant to the Purchase Agreement) as of the Record Date were also issued one Right for each share of common stock that such holders would be entitled to receive upon full exercise or conversion of their warrants or existing preferred stock, as applicable. Each Right will entitle the holder to purchase one ten-thousandth of a share of Series J Junior Participating Preferred Stock, of the Company (the "Series J Preferred Shares") at the purchase price set forth in the Rights Agreement. If issued, holders of the Series J Preferred Stock shall be entitled to receive 10,000 times the value of all declared cash and non-cash dividends paid to any and all junior classes of capital stock. The Series J Preferred Stock has voting rights equal to 10,000 votes on all matters upon which the holders of Common stock of the Company are entitled to vote, except as required by law and with respect to certain protective provisions set forth in the Certificate of Designation of Series J Preferred Stock. As of December 31, 2023, and December 31, 2022, the Company had zero shares of Series J Preferred Stock outstanding.

Common Stock

On February 8, 2023, in accordance with Section 2 of the purchase agreement, dated March 28, 2022, and amended on July 28, 2022, between the Company and an accredited investor, the Company submitted a purchase notice to the investor of a sale by the Company to the investor of 58,000,000 shares of common stock amounting to $230,975.

On February 16, 2023, in accordance with Section 2 of the purchase agreement, dated March 28, 2022, and amended on July 28, 2022, between the Company and an accredited investor, the Company submitted a purchase notice to the investor of a sale by the Company to the investor of 21,649,574 shares of common stock amounting to $110,687.

On February 28, 2023, in accordance with Section 2 of the purchase agreement, dated March 28, 2022, and amended on July 28, 2022, between the Company and an accredited investor, the Company submitted a purchase notice to the investor of a sale by the Company to the investor of 26,858,656 shares of common stock amounting to $102,110.

On March 13, 2023, in accordance with Section 2 of the purchase agreement, dated March 28, 2022, and amended on July 28, 2022, between the Company and an accredited investor, the Company submitted a purchase notice to the investor of a sale by the Company to the investor of 16,954,805 shares of common stock amounting to $61,367.

On March 23, 2023, in accordance with Section 2 of the purchase agreement, dated March 28, 2022, and amended on July 28, 2022, between the Company and an accredited investor, the Company submitted a purchase notice to the investor of a sale by the Company to the investor of 17,069,958 shares of common stock amounting to $50,867.

On April 4, 2023, in accordance with Section 2 of the purchase agreement, dated March 28, 2022, and amended on July 28, 2022, between the Company and an accredited investor (see Note 6), the Company submitted a purchase notice to the investor of a sale by the Company to the investor of 14,620,464 shares of common stock for a purchase price of $0.003 per share amounting to $43,421.

On June 28, 2023, our former Chief Financial Officer exercised 9,222,228 vested, in-the-money-options. The exercise was completed with a cashless transaction yielding a total of 3,931,113 newly issued shares.

On March 28, 2022, the Company entered into a purchase agreement with an accredited investor to purchase up to $10,000,000 of shares ("Purchase Shares") of the Company's common stock. The Company has the right, in its sole discretion, subject to the conditions and limitations in the Purchase Agreement, to direct the investor, by delivery of a purchase notice from time to time (a "Purchase Notice") to purchase (each, a "Purchase") over the one-year term of the Purchase Agreement, a minimum of $10,000 and up to a maximum of the lower of: (1) one hundred percent (100%) of the average daily trading dollar volume of the Company's common stock during the ten trading days preceding the Purchase Date; or (2) one million dollars ($1,000,000), provided that the parties may agree to waive such limitations. The aggregate value of Purchase Shares sold to the investor may not exceed $10,000,000. Each Purchase Notice will set forth the Purchase Price and number of Purchase Shares in accordance with the terms of the Purchase Agreement. The number of Purchase Shares the Company issue under each Purchase will be equal to 112.5% of the Purchase Amount sold under such Purchase, divided by the Purchase Price per share (as defined under the Purchase Agreement). The Purchase Price was defined as the lower of (a) 90% of the lowest volume weighted average price during the Valuation Period; or (b) the closing price for the Company's common stock on the trading day preceding the date of the Purchase Notice. The Purchase Price was subject to a floor of $0.01 per share, at or below which the Company could not deliver a Purchase Notice. The Valuation Period is the ten consecutive business days immediately preceding, but not including the date a Purchase Notice is delivered.

On July 28, 2022, Company entered into an amendment to the Company's purchase agreement, dated March 28, 2022 with the investor. Under the amendment, the "Purchase Price" under the Purchase Agreement is no longer subject to a floor and is defined as the lower of (a) 90% of the lowest traded price during the Valuation Period (as defined under the Purchase Agreement) or (b) the closing price for the Company's common stock on the trading day preceding the date of the purchase notice provided under the Purchase Agreement. During the year ended December 31, 2022, the investor purchased 101,411,148 shares of common stock, and the Company received net proceeds of $1,020,251, which is being used for operations.

On April 13, 2022, the Company retained the services of two independent consultants and the Board agreed to issue each consultant 97,543 shares for a total of 195,086 shares of common stock at a cost basis of $0.0173 per share amounting to $3,374.

On August 22, 2022, the Company retained the services of an independent consultant per the terms set forth in the consulting agreement dated August 4, 2022. The consultant will provide his services for a period of one year and will be compensated for such with $120,000 per year in stock grants, based on the closing price of the Company's common stock of $0.0081 per share on August 22, 2022, for a total of 14,814,814 shares of common stock, and $10,000 a month in cash compensation. During year ended December 31, 2022, the consultant was issued 14,814,814 shares of common stock, and zero cash compensation has been distributed.

7. STOCK OPTIONS AND WARRANTS

Stock Options

The Company used the historical industry index to calculate volatility, since the Company's stock history did not represent the expected future volatility of the Company's common stock.

The fair value of options granted during the years ending December 31, 2023, and 2022, were determined using the Black Scholes method with the following assumptions:

	Year ended December 31, 2023	**Year ended December 31, 2022**
Risk free interest rate	4.49%	1.29%
Stock volatility factor	206%	229%
Weighted average expected option life	3.5 years	2.5 years
Expected dividend yield	-%	-%

A summary of the Company's stock option activity and related information follows:

	Years ended December 31, 2023			**Year ended December 31, 2022**		
	Options		**Weighted average exercise price**	**Options**		**Weighted average exercise price**
Outstanding - beginning of year	879,733,332	$	0.0092	768,233,332	$	0.0052
Granted	100,000,000		0.0100	122,500,000		0.0068
Exercised	(9,222,228)		0.0057	(4,000,000)		0.0019
Forfeited	(94,944,438)		0.0185	(7,000,000)		0.0127
Outstanding - end of the year	875,566,666	$	0.0086	879,733,332	$	0.0092
Exercisable at the end of the year	764,321,982	$	0.0077	519,773,058	$	0.0072

As of December 31, 2023, and December 31, 2022, the intrinsic value of the stock options was approximately $643,860 and $362,102, respectively. Stock option expense for the years ended December 31, 2023, and 2022 were $1,253,643 and $1,831,977, respectively.

The Black Scholes option valuation model was developed for use in estimating the fair value of traded options, which do not have vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions, including the expected stock price volatility. Because the Company's employee stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its employee stock options.

The weighted average remaining contractual life of options outstanding, as of December 31, 2023, was as follows:

Exercise prices		Number of options outstanding	Weighted Average remaining contractual life (years)
$	0.0018	17,000,000	1.42
$	0.0019	250,566,666	2.75
$	0.0053	10,000,000	5.78
$	0.0068	307,000,000	2.55
$	0.01	100,000,000	4.42
$	0.013	15,000,000	5.84
$	0.00131	60,000,000	5.62
$	0.0015	35,000,000	5.65
$	0.0295	81,000,000	1.09
		875,566,666	

Warrants

As of December 31, 2023, and 2022, there were 162,703,869 warrants outstanding.

There were no warrants issued during the year ended December 31, 2023. The fair value of warrants issued during the year ended December 31, 2022, was determined using the Black Scholes valuation model with the following assumptions:

	Year ended December 31, 2023	Year ended December 31, 2022
Risk free interest rate	- %	-%
Stock volatility factor	- %	-%
Weighted average expected warrant life	- years	- years
Expected dividend yield	--%	--%

A summary of the Company's warrant activity and related information follows:

	Years ended December 31, 2023		Year ended December 31, 2022	
	Warrants	Weighted average exercise price	Warrants	Weighted average exercise price
Outstanding - beginning of period	162,703,869	$ 0.048	162,703,869	$ 0.048
Issued	-	-	-	-
Exercised	-	-	-	-
Forfeited	-	-	-	-
Outstanding - end of period	162,703,869	$ 0.048	162,703,869	$ 0.048
Exercisable at the end of period	162,703,869	$ 0.048	162,703,869	$ 0.048
Weighted average fair value of warrants granted during the period		$ -		$ -

Warrant expense for the years ended December 31, 2023, and 2022 was $0.

The weighted average remaining contractual life of warrants outstanding, as of December 31, 2023, was as follows:

Exercise prices	**Number of warrants outstanding**	**Weighted Average remaining contractual life (years)**
$ 0.0875	10,714,286	2.14
$ 0.0454	151,000,000	2.14
$ 0.0072	989,583	1.95
	162,703,869	

8. RELATED PARTY TRANSACTIONS

In March 2023, AIAdvertising contracted with Parscale Strategy to bolster sales efforts to bring in new clients. Parscale Strategy is wholly owned by Brad Parscale. Post Hexagon Partners purchasing 49% of the outstanding capital stock of AIAdvertising in April 2023, Brad Parscale is no longer a related party, and the contract is still in effect as of December 31, 2023.

In February 2023, The Design Annex contracted with AiAdvertising to outsource certain creative design and social media marketing activities and AiAdvertising contracted with The Design Annex to perform certain creative design activities. The Design Annex is wholly owned by Jill Giles. Post Hexagon Partners purchasing 49% of the outstanding capital stock of AiAdvertising in April 2023, Jill Giles is no longer a related party, and the contracts are still in effect as of December 31, 2023.

9. CONCENTRATIONS

For the years ended December 31, 2023, and 2022, the Company had three and two major customers who represented approximately 53% and 39% of total revenue, respectively. At December 31, 2023 and December 31, 2022, accounts receivable from three and two customers represented approximately 53% and 61% of total accounts receivable, respectively.

10. COMMITMENTS AND CONTINGENCIES

Leases

In February 2016, the FASB issued ASU 2016-02, "Leases" Topic 842, which amends the guidance in former ASC Topic 840, *Leases*. The new standard increases transparency and comparability most significantly by requiring the recognition by lessees of right-of-use ("ROU") assets and lease liabilities on the balance sheet for all leases longer than 12 months. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. For lessees, leases will be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the income statement, over the expected term on a straight-line basis. Operating leases are recognized on the balance sheet as right-of-use assets, current operating lease liabilities and non-current operating lease liabilities. We determine if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use ("ROU") assets and operating lease liabilities on our consolidated balance sheets. Finance leases are included in property and equipment, current liabilities, and long-term liabilities on our consolidated balance sheets.

The Company adopted the new lease guidance effective January 1, 2019, using the modified retrospective transition approach, applying the new standard to all of its leases existing at the date of initial application which is the effective date of adoption. Consequently, financial information will not be updated, and the disclosures required under the new standard will not be provided for dates and periods before January 1, 2019. The Company has elected the practical expedient to combine lease and non-lease components as a single component. We did not elect the hindsight practical expedient which permits entities to use hindsight in determining the lease term and assessing impairment. The adoption of the lease standard did not change our previously reported consolidated statements of operations and did not result in a cumulative catch-up adjustment to opening equity.

The interest rate implicit in lease contracts is typically not readily determinable. As such, the Company utilizes its incremental borrowing rate of 10%, which is the rate incurred to borrow on a collateralized basis over a similar term an amount equal to the lease payments in a similar economic environment. In calculating the present value of the lease payments, the Company elected to utilize its incremental borrowing rate based on the remaining lease terms as of the January 1, 2019, adoption date.

Operating lease ROU assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at the commencement date. The operating lease ROU asset also includes any lease payments made and excludes lease incentives and initial direct costs incurred, if any. Our lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Our leases have remaining lease terms of 1 year to 3 years, some of which include options to extend the lease term for up to an undetermined number of years.

Operating Leases

On August 1, 2022, the Company signed a lease agreement with JJ Real Co., an unrelated party, which commenced on August 1, 2022, for approximately 2,000 square feet, located at 1114 S St. Mary's Street - Suite 120, San Antonio, TX 78210, for $3,333 per month, includes a pro rata share of the common building expenses and each year the monthly lease payment is subject to change per the lease agreement. The lease expires on July 31, 2027. The lease expiration is greater than twelve months, thus included on the Balance Sheet as Right-of-Use lease. This lease does not include a residual value guarantee, nor do we expect any material exit costs. As of August 1, 2022, we determined that this lease meets the criterion to be classified as a ROU Asset and is included on the balance sheet as Right-Of-Use Assets. As of December 31, 2023, and December 31, 2022, the ROU asset and liability balances of this lease were $147,480 and $175,974, respectively. During February 2023, JJ Real Co transferred ownership of the building and our lease located at 1114 S St. Mary's - Suite 120, San Antonio, TX 78210 to Hooks Holding Ltd., a non-related party. No details of our lease or commitments have changed with the ownership transfer.

The following is a schedule, by years, of future minimum lease payments required under the operating lease.

Years Ending December 31,	ROU Operating Leases	Finance Leases
2024	46,833	—
2025	48,833	—
2026	50,833	—
2027	30,333	—
Thereafter	—	—
Total	$ 176,832	$ —
Less imputed interest	(29,353)	—
Total liability	$ 147,479	$ —

Other information related to leases is as follows:

Lease Type	Weighted Average Remaining Term	Weighted Average Discount Rate (1)
Operating Leases	43 months	10%

(1) This discount rate is consistent with our borrowing rates from various lenders.

Legal Matters

The Company may be involved in legal actions and claims arising in the ordinary course of business, from time to time, none of which at this time the Company considers to be material to the Company's business or financial condition.

11. SUPPLEMENTAL STATEMENT OF CASH FLOWS INFORMATION

During the years ended December 31, 2023, there were the following non-cash activities**.**

- The holder of 9,222,228 vested stock options exercised their options into 3,931,113 shares of common stock through a cashless transaction in the amount of $3,931.

During the years ended December 31, 2022, there were the following non-cash activities.

- The values of the ROU operating leases assets and liabilities each declined $70,608, netting to zero on the statement of cash flows.
- The company acquired a right of use asset and liability in exchange for a new operating lease in the amount of $186,706, netting to zero in the statement of cash flows.
- The holder of 1,000,000 stock options exercised their options into 912,442 shares of common stock in the amount of $912. The same holder exercised an additional 3,000,000 of stock options into 2,278,481 shares of common stock in the amount of $2,278 for a total amount of $3,190
- The holder of 2,940,759 shares of common stock retired and returned 2,940,759 shares of common stock to the Company's authorized and unissued shares of common stock in the amount of $2,940.

12. INCOME TAXES

The provision (benefit) for income taxes for the years ended December 31, 2023, and 2022, were as follows, assuming a 21% and 21% effective tax rate, respectively:

	For the years ended December 31,	
	2023	**2022**
Deferred tax provision:		
Federal		
Deferred tax asset	$ 6,240,380	$ 5,389,394
Valuation allowance	(6,240,380)	(5,389,397)
Total deferred tax provision	$ -	$ -

As of December 31, 2023, the Company had approximately $29,716,097 in tax loss carryforwards that can be utilized in future periods to reduce taxable income through 2040. The deferred tax liability balances as of December 31, 2023, and 2023 were zero and zero, respectively. During the year ended December 31, 2018, it was determined that, due to the Company never having paid federal income taxes and having a large net operating loss (NOL), it is unlikely we will pay federal income taxes in the foreseeable future.

The Company provided a valuation allowance equal to the deferred income tax assets for the period from June 30, 2011, to December 31, 2023, because it is not presently known whether future taxable income will be sufficient to utilize the tax loss carryforwards.

The Company has no uncertain tax positions.

13. SUBSEQUENT EVENTS

Management has evaluated subsequent events according to ASC TOPIC 855 as the date of the financial statements and has determined that there are no reportable events.

On January 29, 2024, the Company entered into amendment no. 1 (the "Amendment") to that certain securities purchase agreement (the "Purchase Agreement") with Hexagon Partners, Ltd., (the "Purchaser"), pursuant to which the Company and the Purchaser amended the terms of the purchase and sale of additional shares of the Company's Series I Preferred Stock (the "Series I Preferred Stock"). The Amendment provides for a ten (10) month option from the initial closing of the Purchase Agreement, to purchase (i) a second tranche consisting of up to 892,857 additional shares of Preferred Stock, at a price equal to $2.80 per share (the "Tranche B Option"), and (ii) a third tranche consisting of up to 168,269 additional shares of Preferred Stock, at a price equal to $10.40 per share. On January 30, 2024, the Purchaser exercised the Tranche B Option and the Company sold to the Purchaser 892,857 shares of Series I Preferred Stock at price of $2.80 per share. The Amendment also provided the Purchaser with certain rights of participation in a future financing transaction by the Company.

On January 30, 2024, the Company, provided notice of its termination, effective January 30, 2024, of that certain purchase agreement with GHS Investments, LLC ("GHS") dated as of March 28, 2022, and amended on July 28, 2022 (the "GHS Purchase Agreement"). As previously reported, pursuant to the GHS Purchase Agreement, the Company could offer and sell to GHS, in its discretion, up to $10,000,000 of shares of the Company's common stock. The Company is not subject to any termination penalties related to the termination of the GHS Purchase Agreement.

On March 21, 2024, the Company filed a Certificate of Designation of Preferences, Rights and Limitations of Series K Preferred Stock (the "Certificate of Designation") with the Secretary of State of the State of Nevada and issued 1,000 shares of Series K Preferred Stock to Gerard Hug, the Company's chief executive officer, for services rendered.

Pursuant to the Certificate of Designation the Company designated 1,000 shares of preferred stock as Series K Preferred Stock (the "Series K Preferred Stock"). The Series K Preferred Stock is not convertible into common stock and does not have any dividend rights or any liquidation preference. The Series K Preferred Stock entitles the holder to 51% of the voting power of the Company's stockholders. The Series K Preferred Stock will automatically be redeemed by the Company at the par value of $0.001 per share, on the first to occur of the following events: (i) sixty days after the effective date of the certificate of designation, (ii) the date that Gerard Hug ceases to serve as officer, director or consultant of the Company, or (iii) on the date that the Company's shares of common stock first trade on any national securities exchange and such listing is conditioned upon the elimination of the preferential voting rights.

On April 8, 2024, our former Chief Executive Officer exercised 13,344,088 vested, in-the-money-options. The exercise was completed with a cashless transaction yielding a total of 9,822,731 newly issued shares.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Management, with the participation of the Company's principal executive and principal financial officers, evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) of the Exchange Act of 1934, as amended), as of the end of the period covered by this report to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Act is (i) recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms and (ii) accumulated and communicated to the Company's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Based on that evaluation, our management concluded that, due to adjusting journal entries made by our independent auditor, as of December 31, 2023, our disclosure controls and procedures were ineffective.

Our management, including our principal executive officer and principal financial officer, do not expect that our disclosure controls and procedures or our internal controls will prevent all error or fraud. A control system, no matter how well-conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are 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. Due to 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.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended. Our internal control over financial reporting is a process designed to provide reasonable assurance to our management and board of directors regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America.

Our internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2023. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control-Integrated Framework (2013). A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

Management has identified control deficiencies regarding adjusting journal entries due to the following:

- The Company's system of internal controls failed to identify multiple journal entries that were identified by the Company's external auditor.

- The Company has no formal control process related to the identification and approval of related part transactions.

Management of the Company believes these weaknesses will be remediated as we continue to improve our processes and procedures to control deficiencies in the future.

Because of the above material weakness, management has concluded that we did not maintain effective internal control over financial reporting as of December 31, 2023, based on the criteria established in "Internal Control-Integrated Framework" issued by the COSO.

No Attestation Report by Independent Registered Accountant

The effectiveness of our internal control over financial reporting as of December 31, 2023, has not been audited by our independent registered public accounting firm by virtue of our exemption from such requirements as a smaller reporting company.

Changes in Internal Controls over Financial Reporting

There have been no changes in the Company's internal control over financial reporting that occurred during the Company's last fiscal quarter of its fiscal year ended December 31, 2023, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

The Company's management does not expect that its disclosure controls or its internal control over financial reporting will prevent or detect 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. 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. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of controls effectiveness to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

ITEM 9B. OTHER INFORMATION

Rule 10b5-1 Trading Arrangement

During the three months ended December 31, 2023, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS.

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE

The following table lists the executive officers and directors of the Company:

Name	Age	Position
Gerard Hug	57	Chief Executive Officer and Chairman
John C. Small	56	Chief Financial Officer
Thane D. Tennison	44	Chief Strategy Officer and Senior Vice President of Media Strategy
Kevin Myers	61	Director, Chief Marketing Officer
Richard Berliner	70	Independent Director, Chairperson of the Compensation Committee, Financial Expert
James Renacci	77	Independent Director, Chairperson of the Audit Committee, Financial Expert
Thomas O. Hicks, Jr.	46	Independent Director
Mark Fruehan	62	Independent Director, Chairperson of the Nominating/Corporate Governance Committee

Gerard Hug has served as Director and Chief Executive Officer of the Company since July 21, 2022. On November 3, 2022, Mr. Hug was appointed to serve as Chairman of the Board of Directors of the Company. Prior to being appointed as CEO and Director of the Company, Mr. Hug was Director of Operations from July 2018, where he was instrumental in architecting and executing the Company's pivot from a traditional agency to an Enterprise Software Technology company, focused on commercializing Artificial Intelligence and Machine Learning in the Digital Marketing and Advertising space.

Hug was previously Chief Executive Officer and Director of SITO Mobile from November 10, 2014, through February 2017, where he architected and executed the successful transformation of the company from a SMS aggregator to an industry leader in Location-Based Mobile Advertising while overseeing a successful NASDAQ National Market Listing. Mr. Hug also served as Director of Corporate Development, Executive Vice President of SITO Mobile Interim CEO, before his promotion to CEO in November 2014. Between 2007 and 2010, Mr. Hug was the co-founder and President of Waveyard Development LLC, a water-sports resort destination development company. From 2003 to June 2006, Mr. Hug served as Executive Vice President and Chief Strategy Officer of Wireless Retail Inc., a $400 million wireless services company that was among the first U.S. businesses to use the store-in-store business model to sell mobile phones for wireless carriers through large nationwide retailers. Mr. Hug was interim CFO for Wireless Retail Inc. leading up to its sale to Radio Shack Corporation. From 2002 to 2004, Mr. Hug was Managing Partner of Redwood Partners, an early-stage merchant bank and advisory firm that focused on providing early-stage capital and executive management to technology, media and telecommunications businesses. Mr. Hug attended The Pennsylvania State University where he studied finance on a full athletic scholarship and was a member of the 1986 National Championship football team under legendary coach Joe Paterno.

The Board has concluded that Mr. Hug is qualified to serve as a director because of the depth of his industry experience and his extensive experience as an executive in the digital marketing space.

On December 17, 2022, the SEC filed an amended complaint against Mr. Hug improperly charged SITO's corporate credit card with approximately $77,000 in personal expenses, and approximately $160,000 in expenses that had no apparent business purpose or for which Hug did not provide sufficient verification. The amended complaint further alleged that Hug regularly used SITO's corporate credit card to pay for personal expenses such as family vacations, sporting tickets, designer clothes, luxury items, donations to his son's private school, and college living expenses for his daughter.

Without admitting or denying the SEC's allegations, Mr. Hug consented to the entry of a final judgment the U.S. District Court for the District of New Jersey entered on December 15, 2022, permanently enjoining him from violating Section 17(a)(3) of the Securities Act, Sections 13(b)(5) and 14(a) of the Exchange Act, and Rules 13a-14, 13b2-1, 13b2-2, 14a-3, and 14a-9 thereunder; and ordering a $50,000 civil penalty.

John C. Small was appointed to serve as the Company's Chief Financial Officer on March 15, 2023. He has extensive experience in portfolio management and investment research, including working as an analyst at Ulysses Management (February 1996 to March 2000), Dillon Read (January 1992 to October 1993), and Morgan Stanley (October 1993 to January 1996), and as Senior Asset Manager responsible for Telecom, Media, Technology, and Renewable Energy investments for the GLG North American Opportunity Fund (April 2000 to August 2012). After 20 years on Wall Street, he went on to hold various senior management positions within internet media, software, and cryptocurrency industries including CFO of Viggle Inc. (NASDAQ: VGGL) from August 2012 to October 2015, COO of privately held Mode Media Inc. from October 2015 to October 2016, and SVP of Finance for privately held Tsunami VR, Inc. from October 2016 to May 2019. From December 2019 to January 2022, Mr. Small was the CFO of Monsoon Blockchain Corporation, a company focused on leveraging the latest blockchain technology to develop solutions and foster the adoption of digital assets globally. He is currently CFO of Big Watt Digital (since April 2022), a bitcoin mining company using only renewable energy and the CFO of the Roman DBDR Acquisition Corp II (since January 2024). Mr. Small holds a B.A. in Economics with a concentration in International Relations from Cornell University.

The Board of Directors believes that Mr. Small is qualified to serve as an officer because of his management and industry experience, in addition to his understanding of generally accepted accounting principles and financial reporting.

Thane D. Tennison has served as Senior Vice President of Media Strategy since 2019 and on June 29, 2023, was appointed to serve as the Company's Chief Strategy Officer. Backed by nearly 20 years of digital marketing, campaign management, and product development experience, Mr. Tennison leads our in-house marketing efforts as Chief Strategy Officer. He is responsible for strategic media planning, buying, testing, and optimization in service to AiAdvertising clients at every scale. Mr. Tennison has an extensive agency background with a focus in the Homebuilding and Sports Marketing markets. He has managed advertising solutions for Builders Digital Experience (BDX), the largest network of new home websites working with clients like Pulte Homes, Lennar, and KB Home. Other notable clients include Spurs Sports & Entertainment, Dell Computers, Toyota Motor Manufacturing Texas, and, Under Armour, where he managed Ad Ops for MyFitnessPal, the #1 health and fitness app from 2018 until joining AiAdvertising. Prior to Under Armour, Mr. Tennison was the Director of Advertising and site monetization for BDX from 2009 until 2018. Mr. Tennison holds a BA in Advertising and Mass Communications from Texas State University.

Kevin Myers has been a director of the Company since December 2019 and has been chief marketing officer of the Company since August 26, 2021. Mr. Myers served as the chief marketing and information officer of Donatos Pizza, from February 2018 until March 2020. Prior to Donatos Pizza, Mr. Myers served as the General Manager of the brand division of Majority Strategies, a full-service data, digital and print agency, from November 2015 until February 2018. In this role, Mr. Myers was responsible for revenue growth and product development in the company's corporate advertising division. Prior to Majority Strategies, Mr. Myers held various marketing and advertising roles for over 12 years. He holds a bachelor's degrees from the Ohio State University in industrial and computer science engineering.

The Board of Directors believes that Mr. Myers is qualified to serve as a director because of his industry experience and his understanding of industry trends.

Richard Berliner has served as a director of the Company since October 7, 2021. Mr. Berliner has been Chairman and Chief Executive Officer of Fifth Gen Media, Inc., a marketing and publishing company, owned by Mr. Berliner since 2016. Mr. Berliner's prior experience was as Chief Executive Officer of a wireless construction company, Redwing Electric from 2012-2015, which was later sold to an investor group. Mr. Berliner did a one-year consulting project for the Swedish equipment manufacturer Ericsson, reporting to the Chief Operating Officer in 2011. Mr. Berliner was the Founder, Chairman and CEO of Berliner Communications or BCI (BCI) which he started in 1995, which subsequently merged with another firm in 2010. Mr. Berliner handled the firm's quarterly earnings calls and the annual meetings in his role as Chairman. Mr. Berliner graduated from Rutgers with a BA in Business in 1975. He is a Fellow in the Radio Club of America and was elected in 2004.

The Company's Board of Directors has determined that Mr. Berliner is "independent" within the meaning of rules of The Nasdaq Stock Market and is qualified to serve on the Board of Directors because of his extensive senior management experience.

Thomas O. Hicks, Jr., was appointed to serve as a director of the Company on June 2, 2023. Mr. Hicks is a founder, chairman and CEO of 90 Degree North Holdings LCC, an investment and advisory firm, and a co-founder of Sempre, Inc., a global provider of physical and cyber protection for critical infrastructure. He is a current board member of Drilling Tools International, Inc., a leading provider of downhole drilling tools to the international land and offshore markets, which recently announced a merger with a publicly traded ROC Energy Acquisition Corporation, LLC. From 2005 through 2019, Mr. Hicks was a partner of Hicks Holdings LLC, a family investment firm, focusing on equity investments in media, technology, consumer brands, manufacturing and energy. Prior to that, he was an analyst at Greenhill & Co, LLC, a New York-based advisory and investment firm. He previously served on the boards of Resolute Energy Corporation, Carol's Daughter Holdings, Berkshire Resources LLC, Standard Industrial Manufacturing Partners LTD, and Sight Sciences, Inc. Mr. Hicks was on the national board of the American Enterprise Institute's Enterprise Club and was a founding member for its Dallas chapter in 2014. He served as Chapter Chair of Young Presidents Organization's Dallas Chapter in 2013-14. Mr. Hicks was Chairman of Big Brothers Big Sisters North Texas Campaign for Children in Crisis in 2006-2010, successfully raising over $35 million to support mentoring for children in Dallas Fort Worth. Mr. Hicks served on the board of Big Brothers Big Sisters of North Texas from 2006 through 2011, and the board of the SM Wright Foundation, organized to engage with the citizens in the Fair Park area of Dallas from 2005-2008. Mr. Hicks, a former Golden Gloves boxer, graduated from the University of Texas at Austin in 2001.

The Company's Board of Directors has determined that Mr. Hicks is "independent" within the meaning of the rules of The Nasdaq Stock Market and is qualified to serve on the Board of Directors because of his extensive media experience, his deep connections with advertisers and publishers, and his senior management experience.

Mark Fruehan has served as a director of the Company since November 4, 2021. Since September 30, 2021, Mr. Fruehan has served as Chief Executive Officer of First Screen of the Americas, which offers digital first brands and content creators alternative distribution and billing mechanisms to monetize content. From July 2020 to June 2021, Mr. Fruehan was Chief Revenue Officer of Tradeswell, the leading AI-driven eCommerce solution, which helps brokers and resellers sell on Amazon, Walmart, and Target. Prior to serving as Chief Revenue Officer at Tradeswell from April 2018 to July 2020, Mr. Fruehan served as President and Chief Revenue Officer at Verve Group, a Media and Games Invest SE portfolio company (Berlin) and a privacy-first omnichannel ad platform offering programmatic solutions that connects advertisers and publishers to people in real time. In October 2016, Mark co-founded Amplify.ai, a global enterprise chatbot platform funded by Costanoa Ventures, which was recently acquired by Triller.net; leading the sales and partner development through their start-up phase until March of 2018. Mr. Fruehan's roots in the mobile and wireless industry run deep, with leadership roles at Opera Mediaworks & AdMarvel as President, and Head of Business development and innovation at VeriSign and CellStar. Mr. Fruehan has over 30 years of experience in the digital and mobile industry across cost per engagement, mobile content data service, media, monetization, including payments, and messaging. Mr. Fruehan has worked closely with brands, mobile operators, and media companies; in addition to holding several advisory seats and board memberships at early-stage ventures and established tech companies alike. Mr. Fruehan attended Penn State, earning a Bachelor of Science in Economics, and is a proud member of the 1982 NCAA Championship Football Team.

The Company's Board of Directors has determined that Mr. Fruehan is "independent" within the meaning of the rules of The Nasdaq Stock Market and is qualified to serve on the Board of Directors because of his extensive industry experience within the ad-tech industry, his deep connections with advertisers and publishers, and his senior management experience.

James B. Renacci was appointed to serve as a director of the Company on June 2, 2023. Mr. Renacci is the Founder and President of LTC Management Services, Inc., a management and financial services consulting services company since 1985. With more than 30 years of experience in leadership of multiple businesses, Mr. Renacci's business experience includes manufacturing, healthcare, construction, entertainment, and CPA consulting services. He also has in-depth knowledge of mergers and acquisitions. Mr. Renacci represented the 16th District of the State of Ohio in the United States House of Representatives from 2011 until 2019 where he served on the Ways and Means, Budget, and Financial Services Committees. Prior to serving in Congress, Mr. Renacci owned and operated more than 60 businesses, including multiple auto dealerships, nursing facilities, sports and entertainment businesses, and a CPA firm. From 2003 to 2008, Mr. Renacci served as a managing board member of the Arena Football League. From 2020 to 2022, Mr. Renacci served as a board member of publicly traded Hill International Inc. and as the Audit Committee Chairman. Mr. Renacci is a current board member at publicly traded Alithya Group, Inc., Custom Glass, Inc. and the Franklin Center for Global Policy Exchange. Mr. Renacci is a Certified Public Accountant and holds a bachelor's degree in business administration from Indiana University of Pennsylvania.

The Company's Board of Directors has determined that Mr. Renacci is "independent" within the meaning of the rules of The Nasdaq Stock Market and is qualified to serve on the Board of Directors because of his extensive business his senior management experience.

Family Relationships

There are no family relationships among our executive officers and directors.

Involvement in Certain Legal Proceedings

During the past ten years, except as set forth above, none of our directors, executive officers, promoters, control persons, or nominees has been:

- the subject of any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
- convicted in a criminal proceeding or is subject to a pending criminal proceeding (excluding traffic violations and other minor offenses);
- subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction or any Federal or State authority, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities;

- found by a court of competent jurisdiction (in a civil action), the Commission or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law;

- the subject of, or a party to, any Federal or State judicial or administrative order, judgment, decree, or finding, not subsequently reversed, suspended or vacated, relating to an alleged violation of (a) any Federal or State securities or commodities law or regulation; (b) any law or regulation respecting financial institutions or insurance companies including, but not limited to, a temporary or permanent injunction, order of disgorgement or restitution, civil money penalty or temporary or permanent cease-and-desist order, or removal or prohibition order; or (c) any law or regulation prohibiting mail or wire fraud or fraud in connection with any business entity; or

- the subject of, or a party to, any sanction or order, not subsequently reversed, suspended or vacated, of any self-regulatory organization (as defined in Section 3(a)(26) of the Exchange Act (15 U.S.C. 78c(a)(26))), any registered entity (as defined in Section 1(a)(29) of the Commodity Exchange Act (7 U.S.C. 1(a)(29))), or any equivalent exchange, association, entity or organization that has disciplinary authority over its members or persons associated with a member.

Board Committees

The members of the Audit Committee are James Renacci, Richard Berliner, and Mark Fruehan, with Mr. Renacci serving as the Chairperson. The Board has determined that each of the members of the Audit Committee designated is independent pursuant to the required standards set forth in Rule 10A-3(b) of the Security Exchange Act of 1934, as amended, based on an evaluation of the relationships between the Company and each of the members.

Mr. Renacci is designated as the "audit committee financial expert" as defined by Item 407(d)(5) of Regulation S-K under the Securities Act of 1933, as amended, based on the Board's evaluation of his knowledge of accounting, qualifications and experience and has an appropriate background which results in his financial sophistication in accordance with the additional audit committee requirements of Rule 5605(c)(2)(A).

The members of the Compensation Committee are Richard Berliner and Thomas O. Hicks, Jr., with Mr. Berliner serving as the Chairperson.

The members of the Nominating and Corporate Governance Committee are Mark Fruehan, James Renacci, and Thomas O. Hicks, Jr., with Mr. Fruehan serving as the Chairperson.

The Board has determined that each of the members of the Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee is independent, pursuant to the definition of independence under Rule 5605(a)(2) of the Nasdaq Listing Rules.

On June 2, 2023, the Board formed and appointed Gerard Hug, Richard Berliner, James B. Renacci, and Thomas O. Hicks, Jr. as members of the Special Committee, with Gerard Hug serving as the Chairperson, and granted the Special Committee full authority to act on behalf of the Board and take all actions deemed advisable relating to that certain Rights Agreement dated April 10, 2023.

Code of Business Conduct and Ethics

The Company has adopted a Code of Conduct that applies to all of its directors, officers and employees. Any waiver of the provisions of the Code of Conduct for executive officers and directors may be made only by the Audit Committee, or the full Board of Directors and, in the case of a waiver for members of the Audit Committee, by the Board of Directors. Any such waivers will be promptly disclosed to the Company's shareholders. A copy of our Code of Conduct is available on our website (www.aiadvertising.com) and will be provided to any person requesting same without charge. To request a copy of our Code of Conduct please make written request to our Chief Executive Officer c/o AiAdvertising, Inc. at 1114 S St. Mary's Ste 120, San Antonio, TX 78210.

Changes in Nominating Procedures

None

Delinquent Section 16(a) Reports

Section 16(a) of the Exchange Act requires our directors and executive officers, and persons who own more than ten percent of our equity securities, to file with the SEC initial reports of ownership and reports of changes in ownership of our common stock and other equity securities. Officers, directors and greater than ten percent stockholders are required by SEC regulation to furnish us with copies of all Section 16(a) forms they file.

To our knowledge, Thane D. Tennison is delinquent in filing a Form 3 report.

ITEM 11. EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The following Compensation Discussion and Analysis describes the material elements of compensation for our executive officers identified in the Summary Compensation Table ("Named Executive Officers"), and executive officers that we may hire in the future. As more fully described below, our Compensation Committee makes all decisions for the total direct compensation of our executive officers, including the Named Executive Officers.

Compensation Program Objectives and Rewards

Our compensation philosophy is based on the premise of attracting, retaining, and motivating exceptional leaders, setting high goals, working toward the common objectives of meeting the expectations of customers and stockholders, and rewarding outstanding performance. Following this philosophy, in determining executive compensation, we consider all relevant factors, such as the competition for talent, our desire to link pay with performance in the future, the use of equity to align executive interests with those of our stockholders, individual contributions, teamwork and performance, and each executive's total compensation package. We strive to accomplish these objectives by compensating all executives with total compensation packages consisting of a combination of competitive base salary and incentive compensation.

On November 4, 2021, the Board formed the Compensation Committee. The members of the Compensation Committee are Richard Berliner and Thomas O. Hicks, Jr., with Mr. Berliner serving as the Chairperson. The compensation committee applies the philosophy and policies described below.

The primary purpose of the compensation and benefits described below is to attract, retain, and motivate highly talented individuals when we do hire, who will engage in the behaviors necessary to enable us to succeed in our mission while upholding our values in a highly competitive marketplace. Different elements are designed to engender different behaviors, and the actual incentive amounts which may be awarded to each Named Executive Officer are subject to the annual review of the Board of Directors. The following is a brief description of the key elements of our planned executive compensation structure.

- Base salary and benefits are designed to attract and retain employees over time.

- Incentive compensation awards are designed to focus employees on the business objectives for a particular year.

- Equity incentive awards, such as stock options and non-vested stock, focus executives' efforts on the behaviors within the recipients' control that they believe are designed to ensure our long-term success as reflected in increases to our stock prices over a period of several years, growth in our profitability and other elements.

- Severance and change in control plans are designed to facilitate the Company's ability to attract and retain executives as we compete for talented employees in a marketplace where such protections are commonly offered. We currently have not given separation benefits to any of our Name Executive Officers.

Benchmarking

We have not yet adopted benchmarking but may do so in the future. When making compensation decisions, our Board of Directors may compare each element of compensation paid to our Named Executive Officers against a report showing comparable compensation metrics from a group that includes both publicly-traded and privately-held companies. Our Board believes that while such peer group benchmarks are a point of reference for measurement, they are not necessarily a determining factor in setting executive compensation as each executive officer's compensation relative to the benchmark varies based on scope of responsibility and time in the position. We have not yet formally established our peer group for this purpose.

The Elements of AiAdvertising's Compensation Program

Base Salary

Executive officer base salaries are based on job responsibilities and individual contribution. The Board reviews the base salaries of our executive officers, including our Named Executive Officers, considering factors such as corporate progress toward achieving objectives (without reference to any specific performance-related targets) and individual performance experience and expertise. None of our Named Executive Officers have employment agreements with us. Additional factors reviewed by the Board of Directors in determining appropriate base salary levels and raises include subjective factors related to corporate and individual performance. For the year ended December 31, 2023, all executive officer base salary decisions were approved by the Board of Directors.

Our Board of Directors determines base salaries for the Named Executive Officers at the beginning of each fiscal year, or during the year if needed, and the Board proposes new base salary amounts, if appropriate, based on its evaluation of individual performance and expected future contributions.

Equity Incentive Awards

Our 2003 Stock Option Plan for directors, officers, employees and key consultants (the "2003 Plan") which authorized the issuance of up to 5,000,000 shares of our common stock pursuant to the 2003 Plan terminated upon the expiration of the remaining options granted under the 2003 Plan on May 24, 2014. In December 2020 the Company adopted the AiAdvertising, Inc. 2020 Equity Incentive Plan. The Board considers several factors in determining whether awards are granted to an executive officer, including those previously described, as well as the executive's position, his or her performance and responsibilities, and the amount of options, if any, currently held by the officer and their vesting schedule. Our policy prohibits backdating options or granting them retroactively. As of December 31, 2023, 875,566,666 stock options granted are outstanding.

Benefits and Prerequisites

At this stage of our business we have limited benefits and no prerequisites for our employees other than paid time off that are generally comparable to those offered by other small private and public companies or as may be required by applicable state employment laws. We may adopt retirement plans and confer other fringe benefits for our executive officers in the future if our business grows sufficiently to enable us to afford them.

Separation and Change in Control Arrangements

We do not have any employment agreements with our Named Executive Officers. No employee is eligible for specific benefits or payments if their employment or engagement terminates in a separation or if there is a change of control.

Executive Officer Compensation

The following summary compensation table sets forth certain information concerning compensation paid to the Company's Named Executive Officers during the years ended December 31, 2023, and 2022.

Summary Compensation Table I

Name and Principal Position	Fiscal Year	Salary	Option Awards	All Other Compensation	Total
Gerard Hug					
Chief Executive Officer and Chairman	2023	$ 375,000	-0-	$ 50,000(1)	$ 425,000
	2022	$ 375,000	33,000,000(4)	$ 120,000(3)	$ 495,000
Kevin Myers					
Chief Marketing Officer and Director	2023	$ 250,000	-0-	$ 50,000(6)	$ 300,000
	2022	$ 250,000	33,000,000(5)	$ -0-	$ 250,000
John C. Small					
Chief Financial Officer	2023	$ 240,000	100,000,000(2)	$ -0-	$ 240,000
Thane D. Tennison					
Chief Strategy Officer	2023	$ 190,000	-0-	$ -0-	$ 190,000
Senior Vice President of Media Strategy	2022	$ 178,000	-0-	$ -0-	$ 178,000

(1) In consideration of Gerard Hug's service and performance to the Corporation as the Chief Executive Officer during the year ended December 31, 2023, Mr. Hug was awarded a bonus.

(2) In consideration of John C. Small's service and performance to the Corporation as the Chief Financial Officer, Mr. Small was granted option awards.

(3) In consideration of Gerard Hug's service and performance to the Corporation as the Chief Executive Officer during year ended December 31, 2022, Mr. Hug was awarded a bonus.

(4) In consideration of Gerard Hug' service and performance to the Corporation as the Chief Executive Officer during year ended December 31, 2022, and Director of Operations during year ended December 31, 2021, Mr. Hug was granted option awards.

(5) In consideration of Kevin Myer's service and performance to the Corporation as the Chief Marketing Officer during the year ended December 31, 2022, Mr. Myers was granted option awards.

(6) In consideration of Kevin Myer's service and performance to the Corporation as the Chief Marketing Officer during the year ended December 31, 2023, Mr. Myers was awarded a bonus.

Outstanding Equity Awards at Fiscal Year-End

The following table sets forth information with respect to unexercised stock options, stock that has not vested, and equity incentive plan awards held by the Company's executive officers at December 31, 2023.

Name	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options Unexercisable		Option Exercise Price	Option Expiration Date
Gerard Hug (1)					
Chief Executive Officer	125,000,000	-0-	$	0.00	January 17, 2025
	125,000,000	-0-	$	0.01	January 5, 2026
	21,016,423	6,660,274	$	0.03	February 1, 2025
Kevin Myers (2)					
Chief Marketing Officer	10,000,000	-0-	$	0.00	January 17, 2025
	17,000,000	-0-	$	0.00	June 2, 2025
	100,000,000	-0-	$	0.01	January 5, 2026
	21,016,423	6,660,274	$	0.03	February 1, 2025
John C. Small (3)					
Chief Financial Officer	19,343,066	67,757,991	$	0.01	June 2, 2028
Thane D. Tennison (4)					
Chief Strategy Officer and Senior Vice President for Media Strategy	12,900,000	-0-	$	0.00	January 17, 2025
	20,000,000	-0-	$	0.01	January 5, 2026

(1) On January 17, 2020, Mr. Hug received options to purchase 125,000,000 shares of common stock, at an exercise price of $0.0019 per share exercisable for a period of seven years from the date of grant. These stock options vest at a rate of 1/36 per month commencing on the date of grant until all of the options are vested. On January 5, 2021, Mr. Hug received options to purchase 125,000,000 shares of common stock, at an exercise price of $0.0068 per share, exercisable for a period of five years from the date of grant. These stock options vest at a rate of 1/36 per month commencing on the date of grant until all of the options are vested. Mr. Hug received stock options to purchase 33,000,000 shares of common stock, at an exercise price of $0.0295 per share, exercisable for a period of five years from the date of grant. These stock options vest at a rate of 1/36 per month commencing on the date of grant until all of the options are vested.

(2) On January 17, 2020, Mr. Myers received options to purchase 10,000,000 shares of common stock, at an exercise price of $0.0019 per share exercisable for a period of five years from the date of grant. These stock options vest at a rate of 1/36 per month commencing on the date of grant until all of the options are vested. On June 2, 2020, Mr. Myers received options to purchase 17,000,000 shares of common stock, at an exercise price of $0.0018 per share exercisable for a period of five years from the date of grant. These stock options vest at a rate of 1/36 per month commencing on the date of grant until all of the options are vested. On January 5, 2021, Mr. Myers received stock options to purchase 100,000,000 shares of common stock, at an exercise price of $0.0068 per share exercisable for a period of five years from the date of grant. Mr. Myers received stock options to purchase 33,000,000 shares of common stock, at an exercise price of $0.0295 per share, exercisable for a period of five years from the date of grant. These stock options vest at a rate of 1/36 per month commencing on the date of grant until all of the options are vested.

(3) On June 2, 2023, Mr. Small received options to purchase 100,000,000 shares of common stock, at an exercise price of $0.01 per share exercisable for a period of five years from the date of grant. These stock options vest at a rate of 1/36 per month commencing on the date of grant until all of the options are vested.

(4) On January 17, 2020, Mr. Tennison received options to purchase 20,000,000 shares of common stock, at an exercise price of $0.0019 per share exercisable for a period of five years from the date of grant. These stock options vest at a rate of 1/36 per month commencing on the date of grant until all of the options are vested. Mr. Tennison has exercised 7,100,000 of these options to date. On January 5, 2021, Mr. Tennison received stock options to purchase 20,000,000 shares of common stock, at an exercise price of $0.0068 per share exercisable for a period of five years from the date of grant. These stock options vest at a rate of 1/36 per month commencing on the date of grant until all of the options are vested.

Director Compensation

The Company's directors receive compensation for their services rendered to the Company as directors. During the fiscal years ended December 31, 2023, and 2022, this compensation totaled $30,000 and $30,000, respectively, to each director. Compensation to officers excluding compensation for serving on the board as set forth in table below is included in the summary compensation table above.

The following table sets forth compensation we paid to our directors during the year ended December 31, 2023 (excluding compensation under the Summary Compensation table above).

Name	Fees Earned or Paid in Cash	Stock Awards	Option Awards	All Other Compensation	Total
Kevin Myers	30,000	—	—	—	30,000
Richard Berliner	30,000	—	—	—	30,000
Mark Fruehan	30,000	—	—	—	30,000
Thomas O. Hicks, Jr.	17,500	—	—	—	17,500
Gerard Hug	35,000	—	—	—	35,000
James Renacci	17,500	—	—	—	17,500
Virginia Rose O'Meara	8,750	—	—	—	8,750

Employment Agreements

Gerard Hug

On April 10, 2023, the Company entered into an employment agreement (the "Employment Agreement") with Gerard Hug, the Company's Chief Executive Officer. The Employment Agreement supersedes the employment offer letter with Mr. Hug dated July 21, 2022. The Employment Agreement has an initial term beginning on January 1, 2023, through December 31, 2023, and thereafter shall renew automatically for successive one-year extension terms until either party gives notice of nonrenewal at least 90 days before the end of the applicable extension term. Pursuant to the Employment Agreement, Mr. Hug will receive an annual base salary of $375,000 and a one-time bonus of $50,000 payable on or before May 15, 2023. Mr. Hug will also be eligible for an annual incentive bonus, with a target payout of a minimum of fifty percent (50%) of his base salary (the "Target Bonus"), upon the achievement of Company performance goals established by the Company's compensation committee of the board of directors. The Employment Agreement further provides that upon the successful up-listing of the Company's common stock to a national securities exchange such as Nasdaq or the New York Stock Exchange, Mr. Hug will receive a one-time up-listing bonus in the amount of $100,000.

In the event Mr. Hug's employment is terminated by the Company without cause or by Mr. Hug for good reason, Mr. Hug will be entitled to a lump sum payment equal to the sum of (A) two times Mr. Hug's base salary for the year in which the date of the termination occurs, reduced for actual service performed from the effective date down to a minimum period of twelve full months or one times Mr. Hug's base salary, (B) a payment equal to the product of (i) the Target Bonus and (ii) a fraction, the numerator of which is the number of days Mr. Hug was employed by the Company during the year of termination and the denominator of which is the number of days in such year, and (C) 12 months of COBRA premium payments based on the coverages in effect as of the date of Mr. Hug's termination of employment. The treatment of any outstanding equity award shall be determined in accordance with the terms of the 2021 Equity Incentive Plan and the applicable award agreements. All of Mr. Hug's severance benefits are subject to his execution of a release of claims and his continued compliance with his restrictive covenant agreement.

Kevin Myers

On June 20, 2023, the Company entered into an employment agreement (the "Employment Agreement") with Kevin Myers, the Company's Chief Product & Marketing Officer. The Employment Agreement has an initial term beginning on January 1, 2023, through December 31, 2023, and thereafter shall renew automatically for successive one-year extension terms until either party gives notice of nonrenewal at least 90 days before the end of the applicable extension term. Pursuant to the Employment Agreement, Mr. Myers will receive an annual base salary of $250,000 and a one-time bonus of $50,000 payable on or before July 15, 2023. Mr. Myers will also be eligible for an annual incentive bonus, with a target payout of a minimum of fifty percent (50%) of his base salary (the "Target Bonus"), upon the achievement of Company performance goals established by the Company's compensation committee of the board of directors.

In the event Mr. Myers' employment is terminated by the Company without cause or by Mr. Myers for good reason, as defined in the Employment Agreement, Mr. Myers will be entitled to a lump sum payment equal to the sum of (A) two times Mr. Myers' base salary for the year in which the date of the termination occurs, reduced for actual service performed from the effective date down to a minimum period of twelve full months or one times Mr. Myers' base salary, (B) a payment equal to the product of (i) the Target Bonus and (ii) a fraction, the numerator of which is the number of days Mr. Myers was employed by the Company during the year of termination and the denominator of which is the number of days in such year, and (C) 12 months of COBRA premium payments based on the coverages in effect as of the date of Mr. Myers' termination of employment. The treatment of any outstanding equity award shall be determined in accordance with the terms of the 2021 Equity Incentive Plan and the applicable award agreements. All of Mr. Myers' severance benefits are subject to his execution of a release of claims and his continued compliance with his restrictive covenant agreement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth the names of our executive officers and directors and all persons known by us to beneficially own 5% or more of the issued and outstanding common stock of AiAdvertising at August 31, 2024. Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission. In computing the number of shares beneficially owned by a person and the percentage of ownership of that person, shares of common stock subject to options held by that person that are currently exercisable or become exercisable within 60 days of August 31, 2024, are deemed outstanding even if they have not actually been exercised. Those shares, however, are not deemed outstanding for the purpose of computing the percentage ownership of any other person. The percentage ownership of each beneficial owner is based on 1,334,231,504 outstanding shares of common stock. Except as otherwise listed below, the address of each person is c/o AiAdvertising, Inc., 1114 S. St. Mary's Street, Suite 120, San Antonio, TX 78210. Except as indicated, each person listed below has sole voting and investment power with respect to the shares set forth opposite such person's name.

Name, Title and Address	Number of Shares Beneficially Owned (1)	Percentage Ownership
Gerard Hug Chairman, Chief Executive Officer (2)	280,227,397	17.4%
John C. Small Chief Financial Officer (3)	47,214,612	3.4%
Kevin Myers Chief Marketing Officer, Director (4)	157,227,397	10.5%
Thane D. Tennison Chief Strategy Officer and Senior Vice President of Media Strategy (11)	40,000,000	2.9%
James Renacci Director (10)	4,068,493	0.3%
Richard Berliner Director (7)	10,938,356	0.8%
Thomas O. Hicks, Jr. Director (8)	4,068,493	0.3%
Mark Fruehan Director (9)	10,938,356	0.8%
All current Executive Officers and as a Group (8 persons)	554,683,105	29.4%
Andrew VanNoy (5)	116,478,643	8.0%
Greg Boden (6)	115,000,000	7.9%

(1) Except as pursuant to applicable community property laws, the persons named in the table have sole voting and investment power with respect to all shares of common stock beneficially owned.

(2) Includes 280,227,397 shares which may be purchased by Mr. Hug pursuant to stock options that are exercisable within 60 days of August 31, 2024.

(3) Includes 47,214,612 shares which may be purchased by Mr. Small pursuant to stock options that are exercisable within 60 days of August 31, 2024.

(4) Includes 157,227,397 shares which may be purchased by Mr. Myers pursuant to stock options that are exercisable within 60 days of August 31, 2024.

(5) Includes 116,478,643 shares which may be purchased by Mr. Van Noy pursuant to stock options that are exercisable within 60 days of August 31, 2024.

(6) Includes 115,000,000 shares which may be purchased by Mr. Boden pursuant to stock options that are exercisable within 60 days of August 31, 2024. Does not include Series C Preferred stock held by Bountiful Capital LLC, of which Mr. Boden serves as President. Such securities are subject to a 4.99% ownership blockers.

(7) Includes 10,938,356 shares which may be purchased by Mr. Berliner pursuant to stock options that are exercisable within 60 days of August 31, 2024.

(8) Includes 4,068,493 shares which may be purchased by Mr. Hicks pursuant to stock options that are exercisable within 60 days of August 31, 2024.

(9) Includes 10,938,356 shares which may be purchased by Mr. Fruehan pursuant to stock options that are exercisable within 60 days of August 31, 2024.

(10) Includes 10,938,356 shares which may be purchased by Mr. Renacci pursuant to stock options that are exercisable within 60 days of August 31, 2024.

(11) Includes 32,900,000 shares which may be purchased by Mr. Tennison pursuant to stock options that are exercisable within 60 days of August 31, 2024.

Equity Compensation Plan Information

On November 26, 2021 the Company adopted the AiAdvertising, Inc. 2021 Equity Incentive Plan (the "Stock Plan"). The Stock Plan will be used as incentive for directors, executive officers, and employees of and key consultants to the Company. Pursuant to the Stock Plan, the Company may issue 200,000,000 shares of common stock. The plan is administered by the Company's Board of Directors. The Company has from time to time issued non-qualified stock options to its officers and directors as set forth below.

The following table provides equity compensation plan information as of December 31, 2023:

Plan category	**Number of securities to be issued upon exercise of outstanding options (a)**	**Weighted-average exercise price of outstanding options (b)**	**Securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)**
Equity compensation plan approved by stockholders	—	$ —	200,000,000
Equity compensation plans not approved by stockholders	—	—	
Total	—		$ 200,000,000

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Certain Relationships and Related Transactions

None.

Director Independence

Our independent directors, as defined under Nasdaq Marketplace Rules. consist of Richard Berliner, James Renacci, Thomas O. Hicks, Jr., and Mark Fruehan,

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

M&K CPAs, PLLC ("M&K") has served as the Company's independent registered accountants since August 2018. M&K also is a provider of tax services to the Company.

Audit Fees

An aggregate of $153,000 was billed to us by our auditors for professional services, including audit of the annual financial statement of the Company for the fiscal year ended December 31, 2023, and review of the interim financial statements included in quarterly reports on Form 10-Q for the periods ended September 30, 2023, June 30, 2023, and March 31, 2023.

An aggregate of $98,125 was billed to us by our auditors for professional services, including audit of the annual financial statement of the Company for the fiscal year ended December 31, 2022, and review of the interim financial statements included in quarterly reports on Form 10-Q for the periods ended September 30, 2022, June 30, 2022, and March 31, 2022.

Audit Related Fees

None.

Tax Fees

Our auditors billed the Company $3,500 for tax preparation services during the fiscal year ended December 31, 2023.

Our auditors billed the Company $3,500 for tax preparation services during the fiscal year ended December 31, 2022.

All Other Fees

None.

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

1. Financial Statements

The AiAdvertising, Inc. financial statements are included in Item 8. Financial Statements and Supplementary Data.

2. Financial Schedules

None

3. Exhibits.

Exhibit	Description
3.1	Articles of Incorporation (incorporated by reference from the exhibits included with the Company's Report on Form 10-KSB filed with the Securities and Exchange Commission, dated April 10, 2002).
3.2	Certificate of Amendment to Articles of Incorporation (Incorporated by reference to exhibits filed with the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission, dated September 30, 2015).
3.3	Amended and Restated Bylaws of AiAdvertising, Inc. (incorporated by reference to Form 8-K filed on April 11, 2023)
3.4	Certificate of Designation of Series A Preferred Stock (Incorporated by reference to exhibits filed with the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission, dated October 6, 2015).
3.5	Certificate of Designation of Series B Preferred Stock (Incorporated by reference to exhibits filed with the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission, dated December 18, 2015).
3.6	Certificate of Amendment to Certificate of Designation of Series B Preferred Stock (Incorporated by reference to exhibits filed with the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission, dated June 28, 2016).
3.7	Certificate of Designation of Series C Preferred Stock (Incorporated by reference to exhibits filed with the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission, dated August 2, 2017).
3.8	Certificate of Designation of Series D Preferred Stock (Incorporated by reference to exhibits filed with the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission, dated August 2, 2017).
3.9	Certificate of Designation of Series E Preferred Stock (incorporated by reference to 8-K filed November 17, 2017)
3.10	Certificate of Designation of Series F Preferred Stock (incorporated by reference to 8-K filed January 3 ,2020)
3.11	Certificate of Designation of Series G Preferred Stock (incorporated by reference to 8-K filed February 12, 2020)
3.12	Articles of Merger (incorporated by reference to 8-K filed on August 6, 2021)
3.13	Certificate of Designation of Series H Preferred Stock (incorporated by reference to 8-K filed October 1, 2021)
3.14	Certificate of Amendment to Articles of Incorporation (incorporated by reference to S-1 filed August 31, 2022)
3.15	Certificate of Designation, Preferences, Rights and Limitations of Series I Preferred Stock (incorporated by reference to Form 8-K filed on April 11, 2023)
3.16	Certificate of Designation, Preferences, Rights and Limitations of Series J Junior Participating Preferred Stock (incorporated by reference to the Form 8-K filed on June 12, 2023)
3.17	Certificate of Designation, Preferences, Rights and Limitations of Series K Preferred Stock (incorporated by reference to the Form 8-K filed on March 25, 2024)
4.1	Description of the Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934 (incorporated by reference to 10-K filed April 14, 2022)

10.1	Form of Stock Option Agreement (Incorporated by reference to exhibits filed with the Company's Current Report on Form 10-Q/A filed with the Securities and Exchange Commission, dated February 17, 2015).
10.2	Form of Common Warrant (incorporated by reference to 8-K filed February 22, 2021)
10.3	Form of Securities Purchase Agreement (incorporated by reference to 8-K filed February 22, 2021)
10.4	Form of Amendment Agreement (incorporated by reference to 8-K filed March 8, 2021)
10.5	2020 Incentive Stock Plan (incorporated by reference to S-8 filed February 18, 2021)
10.6	AiAdvertising 2021 Equity Incentive Plan (incorporated by reference to 14C filed December 29, 2021)
10.7	Engagement Letter (incorporated by reference to 8-K filed February 22, 2021)
10.8	Amendment No. 1 to Purchase Agreement, between the Company and GHS Investments, LLC (incorporated by reference to 8-K filed on August 1, 2022)
10.9	Employment Agreement dated April 10, 2023 by and between AiAdvertising and Gerard Hug (incorporated by reference to Form 8-K filed on April 14, 2023
10.10	Securities Purchase Agreement dated April 10, 2023 between AiAdvertising, Inc. and Hexagon Patrners, Ltd. (incorporated by reference to Form 8-K filed on April 11, 2023)
10.11	Registration Rights and Lock-Up Agreement dated April 11, 2023 between AiAdvertising, Inc. and Hexagon Partners, Ltd. (incorporated by reference to Form 8-K filed on April 11, 2023)
10.12	Rights Agreement by and between AiAdvertising, Inc. and Worldwide Stock Transfer LLC (incorporated by reference to the Form 8-K filed on June 12, 2023)
10.13	Employment Agreement, dated June 20, 2023, by and between AiAdvertising, Inc. and Kevin Myers (incorporated by reference to Form 8-K filed on June 21, 2023)
10.14	Amendment No. 1 to Securities Purchase Agreement between AiAdvertising, Inc. and Hexagon Partners, Ltd. (incorporated by reference to the Form 8-K filed on February 1, 2024)
21.1*	List of Subsidiaries
31.1*	Certification pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (CEO)
31.2*	Certification pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (CFO)
32.1**	Certification pursuant to U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (CEO)
32.2**	Certification pursuant to U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (CFO)
101.INS*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* Filed herewith

** Furnished herewith

Item 16. Form 10-K Summary

Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AIADVERTISING, INC.

Date: September 12, 2024

By: /s/ Gerard Hug
Gerard Hug
Chief Executive Officer
(Principal Executive Officer)

By /s/ John C. Small
John C. Small
Chief Financial Officer
(Principal Financial and Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Gerard Hug, Gerard Hug	Chief Executive Officer and Chairman (Principal Executive Officer)	September 12, 2024
/s/ John C. Small John C. Small	Chief Financial Officer (Principal Financial and Accounting Officer)	September 12, 2024
/s/ Kevin Myers Kevin Myers	Director	September 12, 2024
/s/ Mark Fruehan Mark Fruehan	Director	September 12, 2024
/s/ Richard Berliner Richard Berliner	Director	September 12, 2024
/s/ James Renacci James Renacci	Director	September 12, 2024
/s/ Thomas O. Hicks, Jr. Thomas O. Hicks, Jr.	Director	September 12, 2024

Exhibit 21.1

LIST OF SUBSIDIARIES

NAME OF SUBSIDIARY	STATE OF INCORPORATION
CLWD Operations, Inc.	Delaware
Giles Design Bureau, Inc.	Nevada
aiAdvertising, Inc.	Nevada

Exhibit 31.1

CERTIFICATION

I, Gerard Hug, certify that:

1. I have reviewed this Annual Report on Form 10-K of AiAdvertising, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (of persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: September 12, 2024

By: /s/ Gerard Hug
Gerard Hug, Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, John C. Small, certify that:

1. I have reviewed this Annual Report on Form 10-K of AiAdvertising, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (of persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: September 12, 2024

By: /s/ John C. Small

John C. Small, Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of AiAdvertising, Inc. (the "Company") on Form 10-K for the year ending December 31, 2023 (the "Report") I, Gerard Hug, Chief Executive Officer of the Company, certify, pursuant to 18 USC Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge and belief:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: September 12, 2024

By: /s/ Gerard Hug
Gerard Hug, Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of AiAdvertising, Inc. (the "Company") on Form 10-K for the year ending December 31, 2023 (the "Report") I, John C. Small, Chief Financial Officer of the Company, certify, pursuant to 18 USC Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge and belief:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: September 12, 2024

By: /s/ John C. Small
John C. Small, Chief Financial Officer
(Principal Financial and Accounting Officer)