UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For quarterly period ended June 30, 2022.

or

☐ TRANSITION REPORT UNDER 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 or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

321 Sixth Street, San Antonio, TX 78215
(Address of principal executive offices) (Zip Code)

(805) 964-3313
Registrant's telephone number, including area code

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

Tile of each class	Trading Symbol(s)	Name of each exchange on which registered
N/A	N/A	N/A

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 is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

Indicate the number of shares outstanding of each of the registrant's classes of common stock as of the latest practicable date.

As of August 15, 2022, the number of shares outstanding of the registrant's common stock, par value $0.001, was1,134,084,046

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PART I. - FINANCIAL INFORMATION

Item 1. CONSOLIDATED FINANCIAL STATEMENTS

AIADVERTISING, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2022	December 31, 2021
	(unaudited)	
ASSETS		
CURRENT ASSETS		
Cash	$ 1,449,648	$ 3,431,455
Accounts receivable, net	511,000	497,422
Costs in excess of billings	23,837	27,779
Prepaid and other current Assets	181,364	182,427
TOTAL CURRENT ASSETS	2,165,849	4,139,083
PROPERTY & EQUIPMENT, net	119,024	114,249
RIGHT-OF-USE ASSETS	9,719	66,369
OTHER ASSETS		
Lease deposit	5,439	9,800
Goodwill and other intangible assets, net	20,202	20,202
TOTAL OTHER ASSETS	25,641	30,002
TOTAL ASSETS	$ 2,320,233	$ 4,349,703
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)		
CURRENT LIABILITIES		
Accounts payable	$ 1,385,316	$ 791,727
Accounts payable, related party	10,817	10,817
Accrued expenses	65,478	72,158
Operating lease liability	9,719	66,369
Deferred revenue and customer deposit	710,391	491,635
TOTAL CURRENT LIABILITIES	2,181,721	1,432,706
TOTAL LIABILITIES	2,181,721	1,432,706
COMMITMENTS AND CONTINGENCIES (see Note 14)		
SHAREHOLDERS' EQUITY (DEFICIT)		
Preferred stock, $0.001 par value; 5,000,000 Authorized shares:		
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 2,413 shares issued and outstanding;	-	-
Series G Preferred stock; 2,600 authorized, 2,597 shares issued and outstanding;	3	3
Common stock, $0.001 par value; 10,000,000,000 authorized shares; 1,134,084,046 and 1,055,556,518 shares issued and outstanding, respectively	1,134,093	1,055,566
Additional paid in capital	48,426,172	46,667,049
Common stock payable, consisting of 5,000,000 shares valued at $0.1128	564,000	564,000
Accumulated deficit	(49,985,884)	(45,369,749)
TOTAL SHAREHOLDERS' EQUITY	138,512	2,916,997
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 2,320,233	$ 4,349,703

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

AIADVERTISING, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended		Six Months Ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
REVENUE	$ 1,618,626	$ 1,996,602	$ 2,818,288	$ 3,547,800
COST OF REVENUE	1,627,788	1,338,285	3,163,620	2,279,283
Gross Profit	(9,162)	658,317	(345,332)	1,268,517
OPERATING EXPENSES				
Salaries and outside services	858,804	691,571	2,123,509	2,126,241
Selling, general and administrative expenses	1,139,493	(4,103,469)	2,154,057	2,344,930
Depreciation and amortization	9,321	11,620	18,434	22,369
TOTAL OPERATING (INCOME) EXPENSES	2,007,618	(3,400,278)	4,296,000	4,493,540
INCOME (LOSS) FROM OPERATIONS BEFORE OTHER INCOME AND TAXES	(2,016,780)	4,058,595	$ (4,641,332)	$ (3,225,023)
OTHER INCOME (EXPENSE)				
Gain (loss) on extinguishment of debt	-	68,204	-	95,615
Gain (loss) forgiveness of PPP Loan	-	(780,680)	-	-
Gain (loss) on Sales of Discontinued Operations	-	226,769	25,197	226,769
Interest expense	-	(11,766)	-	(4,086,497)
TOTAL OTHER INCOME (EXPENSE)	-	(497,473)	$ 25,197	$ (3,764,113)
INCOME/(LOSS) FROM OPERATIONS BEFORE PROVISION FOR TAXES	(2,016,780)	3,561,122	$ (4,616,135)	$ (6,989,136)
INCOME (LOSS) FROM DISCONTINUED OPERATIONS BEFORE PROVISION FOR TAXES	-	27,758	$ -	$ 71,695
PROVISION (BENEFIT) FOR INCOME TAXES	-	-	-	-
NET INCOME/(LOSS)	(2,016,780)	3,588,880	$ (4,616,135)	$ (6,917,441)
PREFERRED DIVIDENDS	-	2,409	-	12,525
NET INCOME/(LOSS) ATTRIBUTABLE TO COMMON SHAREHOLDERS	$ (2,016,780)	$ 3,586,471	$ (4,616,135)	$ (6,929,966)
NET LOSS PER SHARE				
BASIC	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.01)
DILUTED	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.01)
WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING				
BASIC	1,131,934,620	985,337,917	1,094,989,076	894,257,427
DILUTED	1,131,934,620	2,363,283,243	1,094,989,076	894,257,427

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

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

	Six Months Ended June 30, 2021							
	Preferred Stock		Common Stock					
	Shares	Amount	Shares	Amount	Additional Paid-in Capital	Common Stock Payable	Accumulated Deficit	Total
Balance, December 31, 2020	147,460	$ 147	683,940,104	$ 683,949	$ 31,486,837	$ -	(36,886,978)	$ (4,716,045)
Conversion of convertible note	-	-	18,313,074	18,313	164,818		-	183,131
Stock issuances to lenders	-	-	110,000,000	110,000	12,652,143		-	12,762,143
Series A preferred stock dividend declared ($0.86 per share)	-	-	-	-	(8,604)		-	(8,604)
Series F preferred stock dividend declared ($0.67 per share)	-	-	-	-	(1,512)		-	(1,512)
Stock based compensation	-	-	-	-	238,634		-	238,634
Stock option exercises	-	-	3,528,955	3,529	(3,529)		-	-
Preferred stock conversion	(10,000)	(10)	100,000,000	100,000	(99,990)		-	-
Warrant issuance	-	-	-	-	983,571		-	983,571
Warrant exercise	-	-	8,556,034	8,556	(8,556)		-	-
Other - RegA Investor Funds	(100)	-	-	-	(2,500)		-	(2,500)
Issuance of Series H Preferred stock	1,000	1			4,999,999			5,000,000
Net Income/(Loss)	-	-	-	-	-		(10,506,321)	(10,506,321)
Balance, March 31, 2021	138,360	138	924,338,167	924,347	50,401,311		(47,393,299)	3,932,497
Series A preferred stock dividend declared ($0.86 per share)	-	-	-	-	(101)		-	(101)
Series F preferred stock dividend declared ($0.67 per share)	-	-	-	-	(2,308)		-	(2,308)
Stock based compensation	-	-	-	-	252,839		-	252,839
Stock option exercises	-	-	5,302,984	5,303	(5,303)		-	-
Preferred stock conversion	(3,979)	(4)	9,947,500	9,948	(9,944)		-	-
Warrant exercise	-	-	65,311,502	65,312	(7,455)		-	57,857
Redemption of Series F Preferred Stock	(2,353)	(2)	-	-	(58,823)		-	(58,825)
Redemption of Series H Preferred stock	(1,000)	(1)			1			-
Revaluation of Series H Preferred Stock	-	-			(4,630,404)			(4,630,404)
Net Income/(Loss)	-	-	-	-	-		3,588,880	3,588,880
Balance, June 30, 2021	131,028	131	1,004,900,153	1,004,910	45,939,813		(43,804,419)	3,140,435
	Six Months Ended June 30, 2022							
Balance, December 31, 2021	131,028	$ 131	1,055,556,518	$ 1,055,566	$ 46,667,049	$ 564,000	(45,369,749)	$ 2,916,997
Conversion of convertible note, related party								-
Proceeds from issuance of common stock			55,300,000	55,300	588,324			643,624
Stock issuances to related party								-
Stock based compensation					393,546		-	393,546
Stock option exercised - cashless basis			912,442	912	(912)		-	-
Stock option exercised - cash basis								-
Preferred stock conversion							-	-
Warrant issuance								-

Warrant exercise - cashless basis							-	-
Warrant exercise - cash basis								-
Net Loss	-	-	-	-			(2,599,355)	(2,599,355)
Balance, March 31, 2022	131,028	$ 131	1,111,768,960	$ 1,111,778	$ 47,648,007	$ 564,000	(47,969,104)	$ 1,354,812
Conversion of convertible note, related party								-
Proceeds from issuance of common stock			22,120,000	22,120	274,415			296,535
Stock Issuance in exchange for services			195,086	195	3,179			3,374
Stock issuances to related party								-
Stock based compensation					500,571		-	500,571
Stock option exercised - cashless basis							-	-
Stock option exercised - cash basis								-
Preferred stock conversion							-	-
Warrant issuance								-
Warrant exercise - cashless basis							-	-
Warrant exercise - cash basis								-
Net Loss	-	-	-	-			(2,016,780)	(2,016,780)
Balance, June 30, 2022	131,028	$ 131	1,134,084,046	$ 1,134,093	$ 48,426,172	$ 564,000	(49,985,884)	$ 138,512

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

AIADVERTISING, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss) from continued operations	$ (4,616,135)	$ (6,989,136)
Adjustment to reconcile net loss to net cash (used in) operating activities		
Bad debt expense	(1,150)	(4,645)
Depreciation and amortization	18,434	22,371
Finance charge, related party	-	2,820,000
Amortization of Debt Discount	-	274,992
Gain on settlement of debt	-	(27,411)
Gain on forgiveness of PPP loan	-	-
Gain on Sale of Discontinued Operations	(25,197)	(226,769)
Non-cash compensation expense	894,117	491,473
Non-cash service expense	3,374	983,571
Issuance of Series H Pref to employee	-	369,596
Change in assets and liabilities:		
(Increase) Decrease in:		
Accounts receivable	(12,428)	(485,871)
Prepaid expenses and other assets	1,063	(47,202)
Costs in excess of billings	3,942	(26,201)
Lease deposit	4,361	-
Accounts payable	593,589	(811,679)
Accrued expenses	(6,680)	(220,289)
Customer Deposits	218,756	(242,174)
NET CASH (USED IN) OPERATING ACTIVITIES - continued operations	(2,923,954)	(4,119,374)
NET CASH PROVIDED BY OPERATING ACTIVITIES - discontinued operations	-	71,695
NET CASH (USED IN) OPERATING ACTIVITIES	(2,923,954)	(4,047,679)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash paid for purchase of fixed assets	(23,209)	(42,543)
Proceeds from the sale of discontinued operations	25,197	226,769
NET CASH (USED IN)/PROVIDED BY INVESTING ACTIVITIES	1,988	184,226
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment of dividend	-	(408,806)
Proceeds of issuance of common stock, net	940,159	10,000,000
Proceeds (payments) on line of credit, net	-	(366,012)
Proceeds (payments) of preferred stock	-	(61,325)
Principal payments on debt, third party	-	(750,000)
Proceeds from PPP loan	-	780,680
NET CASH (USED IN)/PROVIDED BY FINANCING ACTIVITIES	940,159	9,194,537
NET INCREASE / (DECREASE) IN CASH	(1,981,807)	5,331,084
CASH, BEGINNING OF PERIOD	3,431,455	10,538
CASH, END OF PERIOD	$ 1,449,648	$ 5,341,622
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Interest paid	$ -	$ 285,293
Taxes paid	$ -	$ -
Non-cash financing activities:		
Conversion of notes payable to common stock, related party	$ -	$ 181,131
Right of use assets	$ 56,650	$ 51,281
Conversion of preferred to common stock	$ -	$ 109,948
Exercise of stock options	$ 912	$ 8,832
Exercise of warrants	$ -	$ 16,011

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

1. BASIS OF PRESENTATION

The accompanying unaudited Consolidated Financial Statements of AiAdvertising, Inc. ("AiAdvertising," "we," "us," "our," or the "Company") and its wholly-owned subsidiaries, have been prepared in accordance with the instructions to interim financial reporting as prescribed by the Securities and Exchange Commission (the "SEC"). The results for the interim periods are not necessarily indicative of results for the entire year. These interim financial statements do not include all disclosures required by generally accepted accounting principles ("GAAP") and should be read in conjunction with our consolidated financial statements and footnotes in the Company's annual report on Form 10-K filed with the SEC on April 14, 2022. In the opinion of management, the unaudited Consolidated Financial Statements contained in this report include all known accruals and adjustments necessary for a fair presentation of the financial position, results of operations, and cash flows for the periods reported herein. Any such adjustments are of a normal recurring nature.

There were various updates recently issued, most of which represented technical corrections to the accounting literature or application to specific industries which the Company does not expect to have a material impact on the Company's consolidated financial position, results of operations or cash flows.

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. As of June 30, 2022, management reassessed going concern and found the Company will have sufficient liquidity for the next 12 months such that there is no substantial doubt about its ability to continue as a going concern. During the year ended December 31, 2021 the Company raised capital from investors through sales of securities and normal course of business operations, which allowed the company to improve cash flow and pay down obligations. As of June 30, 2022, the Company had negative working capital of $15,872. 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"), 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.

As of June 30, 2022 the Company dissolved Parscale Digital, Inc., Data Propria, Inc., and WebTegrity, Inc.

Reclassifications

During the quarter ended June 30, 2022 we recognized cost of revenue in the statement of operations. Certain prior periods have been reclassified to reflect current period presentation.

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 contractual 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 June 30, 2022 and December 31, 2021 are $5,619 and $4,469respectively.

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 for business combinations and analyzing goodwill, 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 June 30, 2022, the Company held cash and cash equivalents in the amount of $1,449,648, which was held in the Company's operating bank accounts. This amount is held in a bank account exceeding the FDIC insured limit of $250,000.

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:

Furniture, fixtures & equipment	7 Years
Computer equipment	5 Years
Commerce server	5 Years
Computer software	3 - 5 Years
Leasehold improvements	Length of the lease

Depreciation expenses were $18,434 and $22,025 for the six months ended June 30, 2022 and 2021, respectively.

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 June 30, 2022, and December 31, 2021 were $710,391 and $491,635, respectively. The costs in excess of billings as of June 30, 2022 and December 31, 2021 was $23,837 and $27,779, respectively.

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.

Research and Development

Research and development costs are expensed as incurred. Total research and development costs were $461,038 and zero for the six months ended June 30, 2022 and 2021, respectively.

Advertising Costs

The Company expenses the cost of advertising and promotional materials when incurred. Total advertising costs were $88,705 and $52,963 for the six months ended June 30, 2022 and 2021, 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 June 30, 2022 and December 31, 2021, 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 nine-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.

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. 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 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.

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

June 30, 2022

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

December 31, 2021

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

Business Combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair value, at the acquisition date, of assets received, liabilities incurred or assumed, and equity instruments issued by the Company in exchange for control of the acquiree. Any costs directly attributable to the business combination are expensed in the period incurred. The acquiree's identifiable assets and liabilities are recognized at their fair values at the acquisition date.

Goodwill arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the cost of the business combination over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized.

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 June 30, 2022, the Company held cash and cash equivalents in the amount of $1,449,648, which was held in the operating bank accounts. Of this amount, none was held in any one account, in amounts exceeding the FDIC insured limit of $250,000. For further discussion on concentrations see footnote 13.

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. Stock-based compensation expense recognized in the consolidated statement of operations during the six months ended June 30, 2022, included compensation expense for the stock-based payment awards granted prior to, but not yet vested, as of June 30, 2022 based on the grant date fair value estimated. Stock-based compensation expense recognized in the consolidated statement of operations for the six months ended June 30, 2022 is based on awards ultimately expected to vest or has been reduced for estimated forfeitures. 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 six months ended June 30, 2022 and 2021 were $894,117 and $491,473, 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. The shares for employee options, warrants and convertible notes were used in the calculation of the income per share.

For the six months ended June 30, 2022, the Company has excluded258,424,694 shares of common stock underlying options,18,025 Series B Preferred shares convertible into 450,625,000 shares of common stock, 14,425 Series C Preferred shares convertible into144,250,000 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 into20,000,000 shares of common stock, 2,597 Series G Preferred shares convertible into 136,684,211 shares of common stock and162,703,869 shares of common stock underlying warrants, because their impact on the loss per share is anti-dilutive. During the six months ended June 30, 2022, the above mentioned shares are included in the calculation for diluted earnings per share, resulting in 1,387,740,274 shares being added to the weighted average common and common equivalent shares outstanding.

For the six months ended June 30, 2021, the Company has excluded226,701,174 shares of common stock underlying options,18,025 Series B Preferred shares convertible into 450,625,000 shares of common stock, 14,425 Series C Preferred shares convertible into144,250,000 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 into20,000,000 shares of common stock, 2,597 Series G Preferred shares convertible into 136,684,211 shares of common stock and184,632,441 shares of common stock underlying warrants, because their impact on the loss per share is anti-dilutive. During the six months ended June 30, 2021, the above mentioned shares are included in the calculation for diluted earnings per share, resulting in 1,377,945,326 shares being added to the weighted average common and common equivalent shares outstanding.

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.

Recently Adopted 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 quarter ended June 30, 2022, and no pronouncements were adopted during the period.

Management reviewed accounting pronouncements issued during the year ended December 31, 2021, and the following pronouncements were adopted during the period.

In January 2017, the FASB issued 2017-04, Intangibles- *Goodwill and Other* (Topic 350): Simplifying the Test for Goodwill Impairment. The amendments in this ASU simplify the subsequent measurement of goodwill by eliminating Step 2 from the goodwill impairment test and eliminating the requirement for a reporting unit with a zero or negative carrying amount to perform a qualitative assessment. Instead, under this pronouncement, an entity would perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount and would recognize an impairment change for the amount by which the carrying amount exceeds the reporting unit's fair value; however, the loss recognized is not to exceed the total amount of goodwill allocated to that reporting unit. In addition, income tax effects will be considered, if applicable. This ASU is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Early adoption is permitted. Due to the limited amount of goodwill and intangible assets recorded at December 31, 2021, the impact of this ASU on the Company's consolidated financial statements and related disclosures was immaterial.

Recently Issued Accounting Pronouncements Not Yet Adopted

In June 2016, the FASB issued Accounting Standards Update No. 2016-13 (ASU 2016-13) "Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" which requires the measurement and recognition of expected credit losses for financial assets held at amortized cost. ASU 2016-13 replaces the existing incurred loss impairment model with an expected loss methodology, which will result in more timely recognition of credit losses. ASU 2016-13 is effective for annual reporting periods, and interim periods within those years, beginning after December 15, 2022. We are currently in the process of evaluating the impact of the adoption of ASU 2016-13 on our consolidated financial statements.

In August 2020, the FASB issued Accounting Standards Update (ASU) 2020-06, Debt – Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Entity's Own Equity (Subtopic 815-40). The intention of ASU 2020-06 update is to address the complexity of accounting for certain financial instruments with characteristics of liabilities and equity, including convertible instruments and contracts in an entity's own equity. Under ASU 2020-06, the number of accounting models for convertible notes will be reduced and entities that issue convertible debt will be required to use the if-converted method for computing diluted Earnings Per Share. ASU 2020-06 is effective for fiscal years and interim periods beginning after December 15, 2021 and may be adopted through either a modified or fully retrospective transition. Early adoption is permitted. The Company is currently evaluating the impact of this ASU on its consolidated financial statements and related disclosures.

Discontinued Operations

On June 11, 2021, the Company entered into and closed an asset purchase agreement (the "Asset Purchase Agreement") with Liquid Web, LLC ("Buyer") under which it sold the web hosting and maintenance revenue stream (the "Asset Sale") to the Buyer for a Purchase Price of $251,966 which included the "Indemnity Holdback" amount of $25,197. The Buyer agreed to pay the Company the "Indemnity Holdback" amount within 45 days following the six-month anniversary of the closing date (June 11, 2021) in accordance with the Asset Purchase Agreement. As of June 30, 2022 the "Indemnity Holdback" amount was paid by the Buyer and is recorded as a Gain on Sale of Discontinued Operations in our statement of operations.

The Company did not classify any assets or liabilities specific to the Purchased Assets. Therefore, the purchase price from the Purchased Assets is recorded as a Gain on Sale of Discontinued Operations in our statement of operations for the year ended December 31, 2021. As a result of the Company entering into the Asset Purchase Agreement, the Company's web hosting revenue stream has been characterized as discontinued operations in its financial statements as disclosed within the disaggregated revenue schedule in footnote 3.

Pursuant to the Asset Purchase Agreement, the Company agreed to continue to maintain, support, and deliver on all customer services during the transition period of 90 days following the closing date. The Company agreed to continue to invoice the hosting customers in the ordinary course of business. Any payments received from the customers, on or after the closing date are the property of Liquid Web. The Company agreed to remit the payment for collected revenue less taxes collected and net of hosting expenses to the Buyer no later than the 15th day of the following month. The gain on the sale of assets is shown under other income in the Statement of Operations.

The following table summarizes the results of operations for the three months ended June 30, 2022 and 2021.

	Three months ended June 30, 2022 (unaudited)			Three months ended June 30, 2021 (unaudited)		
	Third Parties	Related Parties	Total	Third Parties	Related Parties	Total
Hosting Revenue	-	-	-	$ 55,014	-	$ 55,014
Cost of Sales	-	-	-	27,256	-	27,256
Net Income from Discontinued Operations	$ -	$ -	$ -	$ 27,758	$ -	$ 27,758

The following table summarizes the results of operations for the six months ended June 30, 2022 and 2021.

	Six months ended June 30, 2022 (unaudited)			Six months ended June 30, 2021 (unaudited)		
	Third Parties	Related Parties	Total	Third Parties	Related Parties	Total
Hosting Revenue	-	-	-	$ 128,336	-	$ 128,336
Cost of Sales	-	-	-	56,641	-	56,641
Net Income from Discontinued Operations	$ -	$ -	$ -	$ 71,695	$ -	$ 71,695

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 to realize.

For the six months ended June 30, 2022, we used the federal tax rate of 21% in our determination of the deferred tax assets and liabilities balances.

		For the six months ended June 30, 2022
Current tax provision:		
Federal		
Taxable income	$	-
Total current tax provision	$	-
Deferred tax provision:		
Federal		
Loss carryforwards	$	4,810,516
Change in valuation allowance		(4,810,516)
Total deferred tax provision	$	-

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 agreement of the 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.

e. Hosting – Monthly recurring fees for hosting are recognized on a monthly basis, at a fixed rate. Hosting contracts are typically one-year and reviewed annually for renewal. Prices are subject to change at management discretion. During the year ended December 31, 2021 web hosting services was discontinued from our operating revenue streams.

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

Data Science

We analyze big data (large volume of information) to reveal patterns and trends associated with human behavior and interactions that can lead to better decisions and strategic business moves. As a result of our data science work, our clients are able to make informed and valuable decisions to positively impact their bottom lines. We classify revenue as data science that includes polling, research, modeling, data fees, consulting and reporting. 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. Transaction pricing is usually a lump sum, which is estimated by specific project requirements. The Company recognizes revenue when performance obligations are met, including, when the data sciences service is performed, polling is conducted, or support hours are expended. If the data sciences service is a fixed fee retainer, then the obligation is earned at the end of the period, regardless of how much service 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. In addition, we offer monthly hosting support packages, which ensures websites are functioning properly. 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)

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Digital Marketing

We have a reputation for providing digital marketing services that get results. We classify revenue as digital marketing that includes ad spend, SEO management 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, furniture, 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 six months ended June 30, 2022 and 2021, we included $893,476 and $989,886 respectively, in revenue, related to reimbursable costs.

The deferred revenue and customer deposits as of June 30, 2022 and December 31, 2021 were $710,391 and $491,635, respectively.

For the six months ended June 30, 2022 and 2021 (unaudited), revenue was disaggregated into the four categories as follows:

	Six months ended June 30, 2022 (unaudited)			Six months ended June 30, 2021 (unaudited)		
	Third Parties	Related Parties	Total	Third Parties	Related Parties	Total
Design	727,670	-	727,670	1,053,706	-	1,053,706
Development	20,119	-	20,119	103,457	-	103,457
Digital Advertising	1,802,124	-	1,802,124	2,360,265	-	2,360,265
Platform License	268,375	-	268,375	30,372	-	30,372
Total	$ 2,818,288	$ -	$ 2,818,288	$ 3,547,800	$ -	$ 3,547,800

4. LIQUIDITY AND OPERATIONS

The Company had a net loss of $4,616,135 for the six months ended June 30, 2022, which includes net income from discontinued operations of zero, a net loss of $6,917,441 for the six months ended June 30, 2021, which includes net income from discontinued operations of $71,695, and net cash used in operating activities of $(2,923,954) and $(4,047,679), in the same periods, respectively.

As of June 30, 2022, the Company had a short-term borrowing relationship with two lenders. The lenders provided short-term and long-term financing under a secured borrowing arrangement, using our accounts receivable as collateral, disclosed in footnote 6, as well as convertible notes disclosed in footnote 7. As of June 30, 2022, there were no unused sources of liquidity, nor were there any commitments of material capital expenditures.

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. This domain was used 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 June 30, 2022, 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.

Trademark

On September 22, 2015, the Company purchased the trademark rights to "CLOUDCOMMERCE", from a private party at a purchase price of $10,000. The total recorded cost of this trademark of $10,000 has been included in other assets on the balance sheet. The trademark expired in 2021 and the Company submitted a renewal application for an additional 10 years. As of September 30, 2015, we determined that this intangible asset has a definite useful life of 174 months, and as such, will be included in depreciation and amortization expense. For the six months ended June 30, 2022 and 2021, the Company included zero and $346, respectively, in depreciation and amortization expense related to this trademark. During the year ended December 31, 2021, the Company did not renew the trademark and recorded the remaining intangible asset balance to depreciation and amortization. As of December 31, 2021, the balance on this intangible asset was zero.

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:

	June 30, 2022			December 31, 2021		
	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 six months ended June 30, 2022, and 2021 were zero and $346, respectively.

6. CREDIT FACILITIES

None

7. CONVERTIBLE NOTES PAYABLE

During fiscal year 2019, the Company issued convertible promissory notes with variable conversion prices, as outlined below. The conversion prices for each of the notes was tied to the trading price of the Company's common stock. Because of the fluctuation in stock price, the Company is required to report derivative gains and losses each quarter, which was included in earnings, and an overall derivative liability balance on the balance sheet. The Company also records a discount related to the convertible notes, which reduces the outstanding balance of the total amount due and presented as a net outstanding balance on the balance sheet. During the quarter ended June 30, 2020, all convertible notes that contained embedded derivative instruments were converted, leaving a derivative liability balance of zero.

On April 20, 2018, the Company issued a convertible promissory note (the "April 2018 Note") in the amount of up to $200,000, at which time we received an initial advance of $200,000 to cover operational expenses. The terms of the April 2018 Note, as amended, allowed the lender, a related party, to convert all or part of the outstanding balance plus accrued interest, at any time after the effective date, at a conversion price of $0.01 per share. The April 2018 Note bore interest at a rate of 5% per year and had a maturity date of April 20, 2021. During the year ended December 31, 2018, we determined that the April 2018 Note offered a conversion price which was lower than the market price, and therefore included a beneficial conversion feature. The Company included the amortization of this beneficial conversion feature in interest expense in the amount of $139,726 during the year ended December 31, 2018, and $60,274 during the year ended December 31, 2019. During the year ended December 31, 2019, we determined that the conversion feature of the April 2018 Note was considered a derivative in accordance with current accounting guidelines because of the reset conversion features of the April 2018 Note. The fair value of the April 2018 Notes has been determined by using the Binomial lattice formula from the effective date of the note. On June 23, 2020, the lender converted $38,894 of the outstanding balance and accrued interest of $4,236 into 4,313,014 shares of common stock. On January 13, 2021, the lender converted $161,106 of the outstanding balance and accrued interest of $22,025 into 18,313,074 shares of common stock. The balance of the April 2018 Note, as of June 30, 2022 and 2021 was zero. This note was converted within the terms of the agreement.

8. NOTES PAYABLE

Related Party Notes Payable

On August 3, 2017, the Company issued a promissory note (the "August 3, 2017 Note") in the amount of $25,000, at which time the entire balance of $25,000 was received to cover operational expenses. The August 3, 2017 Note bore interest at a rate of 5% per year and was payable upon demand, but in no event later than 36 months from the effective date. The balance of the August 3, 2017 Note, as of June 30, 2022 is zero. On February 17, 2021, the related party note payable was refinanced and consolidated into one note payable. See the "February 17, 2021 Note".

On August 15, 2017, the Company issued a promissory note (the "August 15, 2017 Note") in the amount of $34,000, at which time the entire balance of $34,000 was received to cover operational expenses. The August 15, 2017 Note bore interest at a rate of 5% per year and was payable upon demand, but in no event later than 36 months from the effective date. The balance of the August 15, 2017 Note, as of June 30, 2022 is zero. On February 17, 2021, the related party note payable was refinanced and consolidated into one note payable. See the "February 17, 2021 Note".

On August 28, 2017, the Company issued a promissory note (the "August 28, 2017 Note") in the amount of $92,000, at which time the entire balance of $92,000 was received to cover operational expenses. The August 28, 2017 Note bore interest at a rate of 5% per year and was payable upon demand, but in no event later than 36 months from the effective date. The balance of the August 28, 2017 Note, as of June 30, 2022 is zero. On February 17, 2021, the related party note payable was refinanced and consolidated into one note payable. See the "February 17, 2021 Note".

On September 28, 2017, the Company issued a promissory note (the "September 28, 2017 Note") in the amount of $63,600, at which time the entire balance of $63,600 was received to cover operational expenses. The September 28, 2017 Note bore interest at a rate of 5% per year and was payable upon demand, but in no event later than 36 months from the effective date. The balance of the September 28, 2017 Note, as of June 30, 2022 is zero. On February 17, 2021, the related party note payable was refinanced and consolidated into one note payable. See the "February 17, 2021 Note".

On October 11, 2017, the Company issued a promissory note (the "October 11, 2017 Note") in the amount of $103,500, at which time the entire balance of $103,500 was received to cover operational expenses. The October 11, 2017 Note bore interest at a rate of 5% per year and was payable upon demand, but in no event later than 36 months from the effective date. The balance of the October 11, 2017 Note, as of June 30, 2022 is zero. On February 17, 2021, the related party note payable was refinanced and consolidated into one note payable. See the "February 17, 2021 Note".

On October 27, 2017, the Company issued a promissory note (the "October 27, 2017 Note") in the amount of $106,000, at which time the entire balance of $106,000 was received to cover operational expenses. The October 27, 2017 Note bore interest at a rate of 5% per year and was payable upon demand, but in no event later than 36 months from the effective date. The balance of the October 27, 2017 Note, as of June 30, 2022 is zero. On February 17, 2021, the related party note payable was refinanced and consolidated into one note payable. See the "February 17, 2021 Note".

On November 15, 2017, the Company issued a promissory note (the "November 15, 2017 Note") in the amount of $62,000, at which time the entire balance of $62,000 was received to cover operational expenses. The November 15, 2017 Note bore interest at a rate of 5% per year and was payable upon demand, but in no event later than 36 months from the effective date. The balance of the November 15, 2017 Note, as of June 30, 2022 is zero. On February 17, 2021, the related party note payable was refinanced and consolidated into one note payable. See the "February 17, 2021 Note".

On November 27, 2017, the Company issued a promissory note (the "November 27, 2017 Note") in the amount of $106,000, at which time the entire balance of $106,000 was received to cover operational expenses. The November 27, 2017 Note bore interest at a rate of 5% per year and was payable upon demand, but in no event later than 36 months from the effective date. The balance of the November 27, 2017 Note, as of June 30, 2022 is zero. On February 17, 2021, the related party note payable was refinanced and consolidated into one note payable. See the "February 17, 2021 Note".

On December 19, 2017, the Company issued a promissory note (the "December 19, 2017 Note") in the amount of $42,000, at which time the entire balance of $42,000 was received to cover operational expenses. The December 19, 2017 Note bore interest at a rate of 5% per year and was payable upon demand, but in no event later than 36 months from the effective date. The balance of the December 19, 2017 Note, as of June 30, 2022 was zero. On February 17, 2021, the related party note payable was refinanced and consolidated into one note payable. See the "February 17, 2021 Note".

On January 3, 2018, the Company issued a promissory note (the "January 3, 2018 Note") in the amount of $49,000, at which time the entire balance of $49,000 was received to cover operational expenses. The January 3, 2018 Note bore interest at a rate of 5% per year and was payable upon demand, but in no event later than 36 months from the effective date. The balance of the January 3, 2018 Note, as of June 30, 2022 is zero. On February 17, 2021, the related party note payable was refinanced and consolidated into one note payable. See the "February 17, 2021 Note".

On January 28, 2021, the Company entered into an Unsecured Promissory Note (the "January 28, 2021 Note"), in the aggregate principal amount of $840,000, with Bountiful Capital, LLC for gross proceeds of $840,000. The investor is a related party. The then-chief financial officer of the Company, Greg Boden, is also the president of Bountiful Capital, LLC. The note bore interest at a rate of 5% per year and was not convertible into shares of common stock of the Company. The note had a maturity date of January 28, 2022, and a prepayment of the note was permitted. On March 4, 2021, the Company paid off the note in full in the amount of $840,000.

On February 17, 2021, the Company issued a promissory note (the "February 17, 2021 Note") in the amount of $683,100, at which time the entire balance of $683,100 was received to refinance all outstanding promissory notes. The February 17, 2021 Note bore interest at a rate of 5% per year and was payable upon demand, but in no event later than August 31, 2021. The balance of the February 17, 2017 Note, as of September 30, 2021 was $817,781, which includes $134,680 of accrued interest. Upon executing the February 17, 2021 Note, the Company issued 25,000,000 shares of restricted common stock to Bountiful Capital at a price equal to $0.1128 per share which the Company valued at $2,820,000 at the time of issuance and recorded as interest expense. On November 29, 2021, the Company entered into an exchange agreement with Bountiful Capital. Pursuant to the exchange agreement, the Company extinguished the principal amount of $683,100, plus accrued interest of $140,295, on the February 27, 2021 Note by repaying $428,652 in cash and issuing 26,316,264 shares of common stock of the Company in full satisfaction of the note.

As of June 30, 2022, and December 31, 2021, the notes payable due to related parties totaled zero and zero, respectively.

Third Party Notes Payable

On October 21, 2020, the Company issued a promissory note (the "October 2020 Note") in the amount of $600,000, at which time $548,250 was received after subtracting lender costs. The October 2020 Note bore interest at a rate of 12% per year, with 12 months of interest guaranteed. The Company issued 32,232,333 shares of our common stock in connection with this borrowing, which required the recording of a discount in the amount of $299,761 against the balance, amortized over the term of the note. During the nine months ended September 30, 2021, the Company paid off the balance owed on the October 2020 Note of $672,000 and amortized the debt discount of $242,274. As of June 30, 2022, the balance owed on the October 2020 Note was zero.

On December 10, 2020, the Company issued a promissory note (the "December 2020 Note") in the amount of $150,000, at which time $130,875 was received after subtracting lender costs. The December 2020 Note bore interest at a rate of 12% per year, with 12 months of interest guaranteed. The Company issued 5,769,230 shares of our common stock in connection with this borrowing, which required the recording of a discount in the amount of $34,615 against the balance, amortized over the term of the note. During the nine months ended September 30, 2021, the Company paid off the balance owed on the December 2020 Note of $152,614 and amortized the debt discount of $32,718. As of June 30, 2022, the balance owed on the December 2020 Note was zero.

On February 4, 2021, the Company received loan proceeds of $780,680 under the Second Draw of the Paycheck Protection Program ("PPP2"). The PPP2 is evidenced by a promissory note between the Company and the Cache Valley Bank. The note had a five-year term, bore interest at the rate of 1.0% per year, and could have been prepaid at any time without payment of any premium. No payments of principal or interest were due during the six-month period beginning on the date of the Note (the "Deferral Period"). The principal and accrued interest under the note was forgivable after eight weeks if the Company used the PPP2 Loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and otherwise complied with PPP2 requirements. In order to obtain forgiveness of the PPP2 Loan, the Company submitted a request and provided satisfactory documentation regarding its compliance with applicable requirements. On March 23, 2021, the company was notified by a representative of Cache Valley Bank that the PPP2 loan was forgiven in full, in the amount of $780,680. On August 3, 2021 we were notified by the bank that the PPP2 Loan was still due and that the March 23, 2021 notification of forgiveness was sent in error. On December 17, 2021 we were notified by the bank that the PPP2 loan was forgiven in full, in the amount of $787,554, which includes $6,874 of interest. As of December 31, 2021, the balance of the PPP2 loan was zero

9. DERIVATIVE LIABILITIES

None

10. CAPITAL STOCK

At June 30, 2022 and December 31, 2021, the Company's authorized stock consists of10,000,000,000 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 and Series H 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 therefor, at the rate of $8 per share annually, payable in preference and priority to any payment of any dividend on the common stock. During the six months ended June 30, 2022 and 2021, we paid dividends of $0 and $148,705, respectively, to the holders of Series A Preferred stock. As of June 30, 2022, the Company had zero shares of Series A Preferred Stock outstanding. During the year ended December 31, 2021, the holders of the 10,000 shares of Series A Preferred Stock converted all outstanding shares of Series A Preferred into 100,000,000 shares of common stock, which ceased any further accruals of dividends on the shares of Series A Preferred. As of December 31, 2021, the balance owed on the Series A Preferred stock dividend was zero. As of June 30, 2022, the Company has zero shares of Series A Preferred Stock outstanding.

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 June 30, 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 June 30, 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. During the year ended December 31, 2021, the holder of the 90,000 shares of Series D Preferred Stock converted 3,979 shares of Series D Preferred into 9,947,500 shares of common stock. As of June 30, 2022, the Company had 86,021 shares of Series D Preferred Stock outstanding. During the six months ended June 30, 2022, and 2021, we paid dividends of $0, and $257,609 respectively, to the holders of Series D Preferred stock. As of June 30, 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 June 30, 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. During the year ended December 31, 2021 the Company redeemed all outstanding shares of Series F Preferred Stock. The Company returned the original investment amount to each Series F holder plus accrued dividends due through June 30, 2021, totaling $62,246, comprised of $61,325 stated value and $921 of accrued dividends. For the year ended December 31, 2021, the Company paid dividends on shares of the Series F Preferred stock of $2,491. As of June 30, 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 June 30, 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 then-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 then-chief executive officer, for services rendered.

On November 29, 2021, sixty days after the issuance of the shares of Series H Preferred stock, the Company redeemed all outstanding shares of Series H Preferred stock in accordance with the terms thereof. As of December 31, 2021, there was zero shares of Series H Preferred stock outstanding. As of June 30, 2022 the Company has zero shares of Series H Preferred stock outstanding.

Registered Direct Offering

On February 23, 2021, the Company closed a registered direct offering pursuant to which the Company issued and sold 85,000,000 shares of common stock, 57,857,143 prefunded warrants to purchase shares of common stock (at an exercise price of $0.001), and 142,857,143 warrants to purchase shares of common stock for gross proceeds of $10,000,000 ($8,500,493 net of which was received February 23, 2021 and $57,857 was received upon exercise of the prefunded warrants), On March 5, 2021, we entered into an amendment with the purchaser for the registered direct offering to reduce the exercise price of the warrants from $0.07 to $0.0454 per share of common stock. On the date of the amendment the closing price of the common stock was $0.0454 therefore no discount was offered nor was recorded. We also issued an additional 28,571,429 warrants to the purchaser. The Company also issued 10,714,286 warrants (at an exercise price of $0.0875) to the designees of the placement agent in connection with this transaction. After transaction costs, the Company received net proceeds of $8,558,350, which is being used for operations.

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. As of June 30, 2022, the Investor purchased 77,420,000 shares of common stock and the Company received net proceeds of $940,159, 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.

11. STOCK OPTIONS AND WARRANTS

Stock Options

On August 1, 2017, we granted non-qualified stock options to purchase up to 10,000,000 shares of our common stock to a key employee, at a price of $0.01 per share. The stock options vest equally over a period of 36 months and expire August 1, 2022. These options may be exercised on a cashless basis, resulting in no cash payment to the company upon exercise. If the optionee exercises on a cashless basis, then the above water value (difference between the option price and the fair market price at the time of exercise) is used to purchase shares of common stock. Under this method, the number of shares of common stock issued will be less than the number of options exercised. On September 30, 2018, the employee exercised, on a cashless basis, 3,324,201 options, resulting in the issuance of 1,233,509 shares of common stock. During the quarter ended March 30, 2021, the employee exercised, on a cashless basis, 6,675,799 options, resulting in the issuance of 5,439,540 shares of common stock. As of December 31, 2021, all stock options issued on August 1, 2017 were fully exercised.

On September 18, 2017, we granted non-qualified stock options to purchase up to 1,800,000 shares of our common stock to three key employees, at a price of $0.05 per share. The stock options vest equally over a period of 36 months and expire September 18, 2022. These options were exercisable on a cashless basis. During the year ended December 31, 2020, two of the employees who held 1,200,000 options, collectively, left the company and the options were forfeited, and during the period ended June 30, 2020, a key employee who held 600,000 options left the Company and the options were forfeited.

On January 3, 2018, we granted non-qualified stock options to purchase up to 20,000,000 shares of our common stock to a key employee, at a price of $0.04 per share. During the year ended December 31, 2021, the key employee left the Company and the options were forfeited.

On January 17, 2020, we granted non-qualified stock options to purchase up to 283,000,000 shares of our common stock to ten key employees and three directors, at an exercise price of $0.0019 per share. The stock options vest equally over a period of 36 months and expire January 17, 2025. These options were exercisable on a cashless basis, any time after January 17, 2021. During the year ended December 31, 2021, 3,766,668 options were exercised on a cashless basis, resulting in the issuance of 3,366,714 shares of common stock. During the year ended December 31, 2021, a key employee who held 20,000,000 options left the Company, and the options were forfeited. During the quarter ended June 30, 2022, 1,000,000 options were exercised on a cashless basis, resulting in the issuance of 912,442 shares of common stock.

On June 2, 2020, we granted non-qualified stock options to purchase up to 17,000,000 shares of our common stock to a director, at an exercise price of $0.0018 per share. The stock options vest equally over a period of 36 months and expire June 2, 2025. These options are exercisable on a cashless basis, any time after June 2, 2021.

On January 5, 2021, we granted non-qualified stock options to purchase up to 368,000,000 shares of our common stock to six key employees and three directors, at an exercise price of $0.0068 per share. The stock options vest equally over a period of 36 months and expire January 5, 2026. These options were exercisable on a cashless basis, any time after January 5, 2022. During the year ended December 31, 2021, a key employee who held 1,000,000 options left the Company, and the options were forfeited.

On August 18, 2021, we granted non-qualified stock options to purchase up to 5,000,000 shares of our common stock to a key employee, at an exercise price of $0.0017 per share. The stock options vest equally over a period of 36 months and expire August 18, 2026. These options are exercisable on a cashless basis, any time after August 18, 2022.

On February 1, 2022, we granted non-qualified stock options to purchase up to122,500,000 shares of our common stock to five board members, three of which are independent, and one employee, at an exercise price of $0.0295 per share. The stock options vest equally over a period of36 months and expire February 1, 2025. These options are exercisable on a cashless basis, anytime after March 1, 2022.

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 six months ending June 30, 2022 and 2021, were determined using the Black Scholes method with the following assumptions:

	Six months ended June 30, 2022	Six months ended June 30, 2021
Risk free interest rate	1.29%	0.40%
Stock volatility factor	229%	337%
Weighted average expected option life	3 years	5 years
Expected dividend yield	0%	0%

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

	Six months ended June 30, 2022			Six months ended June 30, 2021		
	Options		Weighted average exercise price	Options		Weighted average exercise price
Outstanding - beginning of year	768,233,332	$	0.0052	429,675,799	$	0.0052
Granted	122,500,000		0.0068	368,000,000		0.0068
Exercised	(1,000,000)		0.0019	(11,442,467)		0.0075
Forfeited	-		-	-		-
Outstanding - end of year	889,733,332	$	0.0092	786,233,332	$	0.0058
Exercisable at the end of year	575,827,396	$	0.0068	321,460,729	$	0.0069
Weighted average fair value of options granted during the year		$	2,580,600		$	2,502,400

As of June 30, 2022, and December 31, 2021, the intrinsic value of the stock options was approximately $3,419,267 and $5,256,720, respectively. Stock option expense for the six months ended June 30, 2022, and 2021 were $894,117 and $491,473, 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 June 30, 2022 was as follows:

	Exercise prices	Number of options outstanding	Weighted Average remaining contractual life (years)
$	0.015	35,000,000	0.15
$	0.0131	60,000,000	0
$	0.013	15,000,000	0
$	0.0068	367,000,000	3.52
$	0.0053	10,000,000	0.12
$	0.0019	258,233,332	2.55
$	0.0018	17,000,000	2.93
$	0.017	5,000,000	4.14
$	0.0295	122,500,000	2.59
		889,733,332	

Warrants

As of June 30, 2022 and December 31, 2021, there were162,703,869 and 162,703,869 warrants outstanding, respectively.

The fair value of warrants issued during the six months ended June 30, 2022 and 2021, were determined using the Black Scholes method with the following assumptions:

	Six months ended June 30, 2022	Six months ended June 30, 2021
Risk free interest rate	0%	0.40%
Stock volatility factor	0%	337%
Weighted average expected warrant life	0 years	5 years
Expected dividend yield	0%	0%

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

	Six months ended June 30, 2022			Six months ended June 30, 2021		
	Warrants		Weighted average exercise price	Warrants		Weighted average exercise price
Outstanding - beginning of period	162,703,869	$	0.007	20,912,852	$	0.007
Issued	-		-	240,000,001		0.037
Exercised	-		-	(76,280,412)		0.007
Forfeited	-		-	-		-
Outstanding - end of period	162,703,869	$	0.048	184,632,441	$	0.047
Exercisable at the end of period	162,703,869	$	0.048	184,632,441	$	0.047
Weighted average fair value of warrants granted during the period		$	7,792,900		$	8,720,357

Warrant expense for the six months ended June 30, 2022, and 2021 were $0 and $983,571, respectively.

12. RELATED PARTIES

Our former Chief Financial Officer is also the President of Bountiful Capital, LLC. On January 17, 2020, notes payable owed to Bountiful Capital amounting to $240,500 and accrued interest of $19,758 were converted into 2,597 shares of Series G preferred stock. On February 17, 2021, the Company entered into an Unsecured Promissory Note (the "February 17, 2021 Term Note"), in the aggregate principal amount of $840,000, with Bountiful Capital, LLC for gross proceeds of $840,000. The investor is a related party. The note bore interest at a rate of 5% per year and was not convertible into shares of common stock of the Company. Principal and interest under the note were due and payable upon maturity on January 28, 2022, and a prepayment of the note was permitted. On March 4, 2021, the Company paid off the February 17, 2021 Term Note in full in the amount of $840,000. Also on February 17, 2021, the Company entered into an Unsecured Promissory Note (the "February 17, 2021 Refinance Note") with Bountiful Capital to refinance ten Unsecured Promissory Notes dated between August 3, 2017 and January 3, 2018, with a total principal balance of $683,100 and accrued interest of $113,626. The February 17, 2021 Refinance Note bore interest of 5% per year and was not convertible into shares of common stock of the Company. Principal and interest under the note were due and payable upon maturity on August 31, 2021, and a prepayment of the note was permitted. On February 17, 2021, the Company issued Bountiful Capital 25,000,000 shares of common stock in connection with the issuances of the February 17, 2021 Term Note and the February 17, 2021 Refinance Note, which the Company valued at $2,820,000. We included $2,820,000 in interest expense related to the 25,000,000 shares. On November 29, 2021, the Company entered into an exchange agreement with Bountiful Capital. Pursuant to the exchange agreement, the Company extinguished the principal amount of $683,100, plus accrued interest of $140,295, on an unsecured promissory note issued to Bountiful Capital on February 27, 2021 by repaying $428,652 in cash and issuing 26,316,264 shares of common stock of the Company in full satisfaction of the note.

At June 30, 2022 and December 31, 2021, principal on the Bountiful Notes and accrued interest totaled $0 and $0.

On August 1, 2017, the Company signed a lease with Bureau, Inc., a related party, to provide a workplace for our employees. Bureau, Inc., is wholly owned by Jill Giles, an employee of the Company. During the year ended December 31, 2021 Jill Giles resigned from her position with Company. Details on this lease are included in Note 15.

On August 1, 2017, Parscale Digital signed a lease with Parscale Strategy for computer equipment and office furniture. Parscale Strategy is wholly owned by Brad Parscale. Details of this lease are included in Note 14.

On March 18, 2021, the Company issued 1,000 shares of its Series H Preferred Stock to the then-Chief Executive Officer of the Company, Andrew Van Noy. The Series H Preferred Stock 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.

On November 29, 2021, sixty days after the issuance of the shares of Series H Preferred stock, the Company redeemed all outstanding shares of Series H Preferred stock in accordance with the terms thereof. As of December 31, 2021, there was zero shares of Series H Preferred stock outstanding**.** As of June 30, 2022 the Company has zero shares of Series H Preferred stock outstanding.

13. CONCENTRATIONS

For the six months ended June 30, 2022 and 2021, the Company had four major customers who represented approximately45% and 54% of total revenue, respectively. At June 30, 2022 and December 31, 2021, accounts receivable from five and four customers, represented approximately 64% and 58% of total accounts receivable, respectively. The customers comprising the concentrations within the accounts receivable are not the same customers that comprise the concentrations with the revenues discussed above.

14. 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. As of June 30, 2022, the company recognized ROU assets of $9,719 and lease liabilities of $9,719.

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, 2017, the Company signed a lease agreement with Bureau Inc., a related party, which commenced on August 1, 2017, for approximately 8,290 square feet, at 321 Sixth Street, San Antonio, TX 78215, for $9,800 per month, plus a pro rata share of the common building expenses. The lease expires on July 31, 2022. As of June 30, 2022, it is unclear whether we will attempt to extend this lease beyond the July 31, 2022 expiration date. However, because the lease expiration is greater than twelve months, the lease liability is 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 January 1, 2019, 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 June 30, 2022, the ROU asset and liability balances of this lease were $9,719 and $9,719, respectively.

Total operating lease expense for the six months ended June 30, 2022 and 2021 was $56,650 and $51,281, respectively. The Company is also required to pay its pro rata share of taxes, building maintenance costs, and insurance in according to the lease agreement.

On May 21, 2014, the Company entered into a settlement agreement with the landlord of our previous location at 6500 Hollister Ave., Goleta, CA, to make monthly payments on past due rent totaling $227,052. Under the terms of the agreement, the Company will make monthly payments of $350 on a reduced balance of $40,250. Upon payment of $40,250, the Company will record a gain on extinguishment of debt of $186,802. During the quarter ended June 30, 2021, the Company paid off the remainder of the reduced balance of $10,500 and recorded a gain on extinguishment of debt of $186,802 per the agreed terms. As of June 30, 2022, and December 31, 2021, the outstanding balance was zero and zero, respectively.

Finance Leases

On August 1, 2017, Parscale Digital signed a lease agreement with Parscale Strategy, a related party, for the use of office equipment and furniture. The lease had a term of thirty-six (36) months, at a monthly payment of $3,000, and an option to purchase all items at the end of the lease for one dollar. This lease expired on July 31, 2020 and has a remaining balance owed of $10,817, included in Related Party Accounts Payable. It is certain that the Company will exercise this purchase option. We have evaluated this lease in accordance with ASC 842-20 and determined that it meets the definition of a finance lease.

The following is a schedule of the net book value of the finance lease.

Assets		June 30, 2022		December 31, 2021
Leased equipment under finance lease,	$	100,097	$	100,097
less accumulated amortization		(100,097)		(100,097)
Net	$	-	$	-

Below is a reconciliation of leases to the financial statements.

		ROU Operating Leases		Finance Leases
Leased asset balance	$	9,719	$	-
Liability balance		9,719		-
Cash flow (non-cash)		-		-
Interest expense	$	81	$	-

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

Years Ending December 31,		ROU Operating Leases		Finance Leases
2022		9,800		-
2023		-		-
Thereafter		-		-
Total	$	9,800	$	-
Less imputed interest		(81)		-
Total liability	$	9,719	$	-

Other information related to leases is as follows:

Lease Type	Weighted Average Remaining Term	Weighted Average Discount Rate (1)
Operating Leases	1 months	10%
Finance Leases	0 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.

15. SUPPLEMENTAL STATEMENT OF CASH FLOWS INFORMATION

During the six months ended June 30, 2022, there were the following non-cash activities.

- The values of the ROU operating lease assets and liabilities each declined $56,650, netting to zero on 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.

During the six months ended June 30, 2021, there were the following non-cash activities.

- Certain lenders converted a total of $183,131 of principal, interest, and fees, into 18,313,074 common shares.
- The values of the ROU operating lease assets and liabilities each declined $51,281, netting to zero on the statement of cash flows.
- The holders of 10,000 shares of Series A Preferred stock converted all shares into 100,000,000 shares of common stock.

- The holders of 3,979 shares of Series D Preferred stock converted into 9,947,500 shares of common stock.
- The holders of 11,442,467 stock options exercised their options into 8,831,939 shares of common stock.
- The holders of 76,280,412 warrants exercised their warrants into 73,867,536 shares of common stock.

16. SUBSEQUENT EVENTS

Management has evaluated subsequent events according to ASC TOPIC 855 as of the date of the financial statements and has determined that the following subsequent events are reportable.

- On July 21, 2022 Andrew Van Noy resigned as Chief Executive Officer of the Company and will continue to serve as Chairman of the Board of the Company.
- Only July 21, 2022 Gerald Hug was appointed as Director and Chief Executive Officer of the Company.

On July 28, 2022, the "Company" entered into an amendment to the Company's purchase agreement, dated March 28, 2022 (the "Purchase Agreement") with GHS Investments, LLC ("GHS"). As previously disclosed, the Purchase Agreement provides that, subject to the conditions and limitations set forth therein, the Company may sell to GHS, in its discretion, up to $10,000,000 of shares of the Company's common stock. 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.

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

Cautionary Statements

The following Management's Discussion and Analysis should be read in conjunction with our Consolidated FinancialStatements and the related notes thereto as set forth in our Form 10-K for the year ended December 31, 2021, and the Consolidated Financial Statements and notes thereto included in Item 1 of this Quarterly Report on Form 10-Q. 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, herein, 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 quarterly 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 the "Risk Factors" section of the reports we file 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 quarterly report, except as may by required under applicable law.

ABOUT US-

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.

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 proprietary software empowers marketers by intelligently automating data- driven, repetitive tasks, and improving their ability to make predictions at scale.

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 AIAD Platform Features

Our software platform harnesses the power of machine learning and artificial intelligence to eliminate guesswork, predict what works, and prove advertising's impact on financial results. Key features of our platform include:

Alignment - We start with the end in mind and use a comprehensive discovery process to outline goals and key performance indicators (KPIs) to connect them to revenue targets. By aligning on the desired outcomes, our platform renders marketing and content calendars built upon the defined goals and objectives.

Insights - AI Data Services inventories and aggregates data from all of a client's tools, such as customer relationship management (CRM), sales, marketing, accounting, and customer service tools into a unified data warehouse where it is cleaned, organized, and tagged. This allows the artificial intelligence in our platform to segment customers and prospective customers by revealing patterns, signals, and insights to draw commonalities between points and grouping them into personas (fictional characters used to represent larger groups that share similarities). Once these audiences are segmented, we use unique engagement predictors leveraging psychographic models to identify motivations, behaviors, influences, and interests. These insights inform the type of creative assets these audience segments will most likely respond to. The models are leveraged to find new incremental audiences.

Activate – Our AI platform scores our clients' existing creative assets and intelligently recommends enhancements to optimize performance. Our AI leverages the audience personas of who will see the ads to accurately personalize and predict more successful creative assets. This predictive engine allows clients to know the likelihood that their ad will resonate with their audiences before placing the ad. Our AI can then dynamically create hundreds or thousands of variations of highly targeted ads based on what our AI knows about the specific audience personas. Combined with our software, our teams then help our clients place these ads through the channels that will produce the highest results.

Decisions – The AiAd dashboard aggregates data from all marketing channels to connect marketing strategies to financial results. Our platform continuously monitors and validates each campaign's impact and provides recommendations to maximize their effectiveness. Leveraging machine learning, it provides ongoing analysis and optimization of behavioral profiles, creative, audience segments, and media activation. Our platform empowers marketers to know what works, what doesn't, what's next, and why so they can make the most informed decisions.

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.

- In 2021 alone, Gartner projects AI augmentation will create $2.9 trillion of business value, and 6.2 billion hours of worker productivity globally.
- 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 recent 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 coming in 2022 could wipe out 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 AIAD platform will deliver a solution that will overcome this problem caused by Google while still ensuring the privacy of users, because our AIAD platform does not rely on the use of browser cookies.

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

Beginning in 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 percentage of clients’ monthly ad spend budget for software license fees, 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 SaaS recurring revenue can potentially be highly valuable to the Company and its shareholders.

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 Consolidated Financial Statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of our Consolidated 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 Consolidated Financial Statements.

Among the significant judgments made by management in the preparation of our Consolidated 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.

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.

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, 2021 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 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 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 offerings 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.

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. As of June 30, 2022 and December 31, 2021, 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.

Off-Balance Sheet Arrangements

None

Recently Adopted 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 quarter ended June 30, 2022, and no pronouncements were adopted during the period.

Management reviewed accounting pronouncements issued during the year ended December 31, 2021, and the following pronouncements were adopted during the period.

In January 2017, the FASB issued 2017-04, Intangibles- *Goodwill and Other* (Topic 350): Simplifying the Test for Goodwill Impairment. The amendments in this ASU simplify the subsequent measurement of goodwill by eliminating Step 2 from the goodwill impairment test and eliminating the requirement for a reporting unit with a zero or negative carrying amount to perform a qualitative assessment. Instead, under this pronouncement, an entity would perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount and would recognize an impairment change for the amount by which the carrying amount exceeds the reporting unit's fair value; however, the loss recognized is not to exceed the total amount of goodwill allocated to that reporting unit. In addition, income tax effects will be considered, if applicable. This ASU is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Early adoption is permitted. Due to the limited amount of goodwill and intangible assets recorded at December 31, 2020, the impact of this ASU on its consolidated financial statements and related disclosures was immaterial.

Recently Issued Accounting Pronouncements Not Yet Adopted

In June 2016, the FASB issued Accounting Standards Update No. 2016-13 (ASU 2016-13) "Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" which requires the measurement and recognition of expected credit losses for financial assets held at amortized cost. ASU 2016-13 replaces the existing incurred loss impairment model with an expected loss methodology, which will result in more timely recognition of credit losses. ASU 2016-13 is effective for annual reporting periods, and interim periods within those years, beginning after December 15, 2022. We are currently in the process of evaluating the impact of the adoption of ASU 2016-13 on our consolidated financial statements.

In August 2020, the FASB issued Accounting Standards Update (ASU) 2020-06, Debt – Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Entity's Own Equity (Subtopic 815-40). The intention of ASU 2020-06 update is to address the complexity of accounting for certain financial instruments with characteristics of liabilities and equity, including convertible instruments and contracts in an entity's own equity. Under ASU 2020-06, the number of accounting models for convertible notes will be reduced and entities that issue convertible debt will be required to use the if-converted method for computing diluted Earnings Per Share. ASU 2020-06 is effective for fiscal years and interim periods beginning after December 15, 2021 and may be adopted through either a modified or fully retrospective transition. Early adoption is permitted. The Company is currently evaluating the impact of this ASU on its consolidated financial statements and related disclosures.

Results of Operations for the Three months ended June 30, 2022, compared to the Three months ended June 30, 2021.

REVENUE

Total revenue for the three months ended June 30, 2022 decreased by $377,976 to $1,618,626, compared to $1,996,602 for the three months ended June 30, 2021. The decrease was primarily due to a pivot of focus from professional services to PaaS revenue generated by our AiAd Platform. During this pivot, we strategically chose to discontinue parts of our business, such as our hosting business, that are not part of our core focus going forward. The hosting business is recorded separately as discontinued operations in the statement of operations for year ended December 31, 2021.

COST OF REVENUE

Cost of revenue for the three months ended June 30, 2022 increased by $289,503 to $1,627,788, compared to $1,338,285 for the three months ended June 30, 2021. The increase was primarily due to the increase in digital marketing ad costs, platform fees, and salaries, partially offset by decrease of discontinued operations.

SALARIES AND OUTSIDE SERVICES

Salaries and outside services for the three months ended June 30, 2022 increased by $167,233 to $858,804, compared to $691,571 for the three months ended June 30, 2021. The decrease was primarily due to a reduction in legal fees partially offset by increases in salary expense, and professional services.

SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES

Selling, general, and administrative (“SG&A”) expenses for the three months ended June 30, 2022 increased by $5,242,962 to $1,139,493 compared to ($4,103,469) for the three months ended June 30, 2021. The increase was primarily due to advertising, cloud-based tools, recruiting fees, research and development, and insurance expenses and partially offset by a valuation credit adjustment applied to warrant and stock option expense during the year end December 31, 2021.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization expenses for the three months ended June 30, 2022 decreased by $2,299 to $9,321 compared to $11,620 for the three months ended June 30, 2021. The decrease was primarily due to the impairment of goodwill and intangible assets, as of December 31, 2021, which eliminated additional amortization of intangible assets in the current period.

OTHER INCOME AND EXPENSE

Total other income and expense for the three months ended June 30, 2022 decreased by $497,473 to net other income of zero compared to net other expense of $497,473 for the three months ended June 30, 2021. The decrease in net other expense was primarily due to the decrease in finance charges and compensation expense related to the issuance of shares of common stock to a related party during the year end December 31, 2021 partially offset by the gain on sales of discontinued operations.

NET INCOME/(LOSS)

The net loss for the three months ended June 30, 2022 was $2,016,780, which includes net income from discontinued operations of zero compared to net income of $3,588,880 for the three months ended June 30, 2021, which includes net income from discontinued operations of $27,758. The increase in net loss for the period is primarily due to stock option evaluation credit adjustment in interest expense related to common stock offering, decrease in revenue, partially offset by increase in salaries and SG&A expenses, and amortization.

Results of Operations for the Six months ended June 30, 2022, compared to the Six months ended June 30, 2021.

REVENUE

Total revenue for the six months ended June 30, 2022 decreased by $729,512 to $2,818,288, compared to $3,547,800 for the six months ended June 30, 2021. The decrease was primarily due to a pivot of focus from professional services to PaaS revenue generated by our AiAd Platform. During this pivot, we strategically chose to discontinue parts of our business, such as our hosting business, that are not part of our core focus going forward. The hosting business is recorded separately as discontinued operations in the statement of operations for year ended December 31, 2021.

COST OF REVENUE

Cost of revenue for the six months ended June 30, 2022 increased by $884,337 to $3,163,620, compared to $2,279,283 for the six months ended June 30, 2021. The increase was primarily due to the increase in digital marketing ad costs, platform fees, and salaries partially offset by a decrease in discontinued operations.

SALARIES AND OUTSIDE SERVICES

Salaries and outside services for the six months ended June 30, 2022 decreased by $2,732 to $2,123,509, compared to $2,126,241 for the six months ended June 30, 2021. The decrease was primarily due to a reduction in legal fees partially offset by increases in salary expense and professional services.

SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES

Selling, general, and administrative (“SG&A”) expenses for the six months ended June 30, 2022 decreased by $190,873 to $2,154,057 compared to $2,344,930 for the six months ended June 30, 2021. The decrease was primarily due to warrant and stock option valuation credit adjustment applied during year end December 31, 2021 and partially offset by an increase in advertising, cloud-based tools, recruiting fees, research and development, and insurance expenses.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization expenses for the six months ended June 30, 2022 decreased by $3,935 to $18,434 compared to $22,369 for the six months ended June 30, 2021. The decrease was primarily due to the impairment of goodwill and intangible assets, as of December 31, 2021, which eliminated additional amortization of intangible assets in the current period.

OTHER INCOME AND EXPENSE

Total other income and expense for the six months ended June 30, 2022 decreased by $3,789,310 to net other income of $25,197 compared to net other expense of $3,764,113 for the six months ended June 30, 2021. The decrease in net other expense was primarily due to the decrease in finance charges and compensation expense related to the issuance of shares of common stock to a related party during the year end December 31, 2021 partially offset by the gain on sales of discontinued operations.

NET INCOME/(LOSS)

The net loss for the six months ended June 30, 2022 was $4,616,135, which includes net income from discontinued operations of zero compared to the net loss of $6,917,441 for the six months ended June 30, 2021, which includes net income from discontinued operations of $71,695. The decrease in net loss for the period is primarily due to decrease in interest expense related to common stock offering, decrease in revenue, partially offset by increase in salaries and SG&A expenses, and amortization.

LIQUIDITY AND CAPITAL RESOURCES

The Company had net working capital (i.e. the difference between current assets and current liabilities) of $15,872 at June 30, 2022 compared to a net working capital deficit of ($2,706,377) at fiscal year ended December 31, 2021.

Cash flow used in operating activities was $2,923,954 for the six months ended June 30, 2022, compared to cash flow used in operating activities of $4,047,679 for the six months ended June 30, 2021. The decrease in cash flow used in operating activities of $1,123,725 was primarily due to a decrease in net loss, partially offset by finance charges and warrant and stock option expenses.

Cash flow provided by investing activities was $1,988 for the six months ended June 30, 2022, compared to cash flow used in investing activities of $184,226 for the six months ended June 30, 2021. The decrease in cash flow provided by investing activities of $182,238 was primarily due to the sales of hosting revenue stream, partially offset by the purchase of computers, printer, and videography equipment.

Cash flow provided by financing activities was $940,159 for the six months ended June 30, 2022, compared to cash flow provided by financing activities of $9,194,537 for the six months ended June 30, 2021. The decrease in cash flow provided by financing activities of $8,254,378 was due to sale of our common stock, partially offset by debt repayments.

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.

During the current period, one investor provided 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 June 30, 2022, 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 $300,000. The Company's current cash is sufficient to sustain the Company's operations for approximately 18 months without additional borrowings. The Company relies on sales from operations and equity financing arrangements 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 sustain our operations and obligations as they become due, and will allow the development of our core business operations. Furthermore, 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.

Off-Balance Sheet Arrangements

None

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not required for small reporting companies.

Item 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Management, with the participation of the Company's principal executive officer and principal financial officer, 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 Securities Exchange Act of 1934, as amended (the "Exchange Act"), 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 Exchange 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, as appropriate to allow timely decisions regarding required disclosure.

Based on that evaluation, our management concluded that, due to material adjusting entries related to stock issuances, as of June 30, 2022, our disclosure controls and procedures were ineffective.

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 ended June 30, 2022 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.

PART II. - OTHER INFORMATION

Item 1. 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.

Item 1A. RISK FACTORS

There have been no material changes to the risk factors disclosed in "Risk Factors" in our Form 10-K filed with the SEC on April 14, 2022.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

Item 3. DEFAULTS UPON SENIOR SECURITIES

None.

Item 4. MINE SAFETY DISCLOSURES

Not applicable.

Item 5. OTHER INFORMATION

None

Item 6. EXHIBITS

(a) Exhibits

EXHIBIT NO.	DESCRIPTION
31.1	Section 302 Certification*
31.2	Section 906 Certification**
32.1	Section 906 Certification**
32.2	Section 906 Certification **
101	Inline XBRL Document Set for the consolidated financial statements and accompanying notes in Part I, Item 1, of this Quarterly Report on Form 10-Q.*
104	Inline XBRL for the cover page of this Quarterly Report on Form 10-Q, included in the Exhibit 101 Inline XBRL Document Set.*

* Filed herewith.

** Furnished herewith.

SIGNATURES

Pursuant to the requirements 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.
(Registrant)

Dated: August 15, 2022

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

/s/ *Isabel Gongora*
Isabel Gongora
Chief Financial Officer
(Principal Financial and Accounting Officer)

EXHIBIT 31.1
CERTIFICATION

I, Gerard Hug, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q 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.

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: August 15, 2022

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

EXHIBIT 31.2
CERTIFICATION

I, Isabel Gongora, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q 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.

   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: August 15, 2022

By: /s/ *Isabel Gongora*

Isabel Gongora, Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32.1

SECTION 906 CERTIFICATION

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 Quarterly Report of AiAdvertising, Inc. (the “Company”) on Form 10-Q for the period ending June 30, 2022 (the “Report”) I, Gerard Hug, Chief Executive Officer and President 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: August 15, 2022

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

EXHIBIT 32.2

SECTION 906 CERTIFICATION

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 Quarterly Report of AiAdvertising, Inc. (the "Company") on Form 10-Q for the period ending June 30, 2022 (the "Report") I, Isabel Gongora, 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: August 15, 2022

By: /s/ *Isabel Gongora*
Isabel Gongora, Chief Financial Officer
(Principal Financial Officer)