

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

(MARK ONE)

FORM 10-Q

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

For the quarterly period ended March 31, 2014

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: 000-54877



Bright Mountain Holdings, Inc.

(Exact name of registrant as specified in its charter)

Florida

State or other jurisdiction of incorporation or organization)

27-2977890

(I.R.S. Employer Identification No.)

6400 Congress Avenue, Suite 2250, Boca Raton, Florida

Address of principal executive offices)

33487

(Zip Code)

561-998-2440

(Registrant's telephone number, including area code)

Not Applicable

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

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

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

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

Yes No

As of May 13, 2014 the issuer had 32,743,234 shares of its common stock issued and outstanding.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

Various statements in this report contain or may contain forward-looking statements that are subject to known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements were based on various factors and were derived from utilizing numerous assumptions and other factors that could cause our actual results to differ materially from those in the forward-looking statements. These factors include, but are not limited to:

- our status as a development stage company and our limited operating history,
- our history of losses and our ability to continue as a going concern,
- our ability to raise capital,
- managing our expected growth,
- possibly inadvertent infringement of third parties intellectual property rights,
- dependence on Chief Executive Officer and our ability to hire qualified personnel,
- our ability to effectively compete,
- our acquisition strategy,
- the illiquid nature of our common stock,
- the impact of Federal securities laws on the trading in our common stock once a market is established,
- control of our company by our management,
- our corporate governance practices,
- dilution to our shareholders from the conversion of outstanding shares of preferred stock and the payment of dividends on those shares in shares of our common stock, and
- the ability of our board of directors to issue shares of our blank check preferred stock.

Most of these factors are difficult to predict accurately and are generally beyond our control. You should consider the areas of risk described in connection with any forward-looking statements that may be made herein. Readers are cautioned not to place undue reliance on these forward-looking statements and readers should carefully review this report, our Annual Report on Form 10-K for the year ended December 31, 2013 and our other filings with the Securities and Exchange Commission in their entirety. Except for our ongoing obligations to disclose material information under the Federal securities laws, we undertake no obligation to release publicly any revisions to any forward-looking statements, to report events or to report the occurrence of unanticipated events. These forward-looking statements speak only as of the date of this report, and you should not rely on these statements without also considering the risks and uncertainties associated with these statements and our business.

OTHER PERTINENT INFORMATION

Unless specifically set forth to the contrary, when used in this report the terms "Bright Mountain", the "Company," "we", "us", "our" and similar terms refer to Bright Mountain Holdings, Inc., a Florida corporation, and its subsidiaries. In addition, when used in this report, "first quarter of 2014" refers to the three months ended March 31, 2014, "first quarter of 2013" refers to the three months ended March 31, 2013, "2014" refers to the year ending December 31, 2014 and "2013" refers to the year ended December 31, 2013.

Unless specifically set forth to the contrary, the information which appears on our website at www.thebright.com is not part of this report.

All share and per share information in this report gives effect to the 1.8 for 1 forward stock split of our common shares on June 26, 2013.

PART 1 - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

BRIGHT MOUNTAIN HOLDINGS, INC. AND SUBSIDIARIES
(a development stage company)

CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2014	December 31, 2013
	<i>(unaudited)</i>	
ASSETS		
Current Assets		
Cash	\$ 486,819	\$ 1,162,632
Accounts Receivable	3,050	572
Prepaid Costs and Expenses	40,162	42,201
Inventories	412,887	303,318
Total Current Assets	942,918	1,508,723
Fixed Assets, net	35,935	34,499
Website Acquisition Assets, net	321,563	42,944
Other Assets	14,700	14,700
Total Assets	\$ 1,315,116	\$ 1,600,866
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 167,619	\$ 182,867
Premium Finance Loan Payable	14,973	26,974
Total Liabilities	182,592	209,841
Commitments and contingencies (Note 8)		
Shareholders' equity		
Preferred stock, par value \$0.01, 20,000,000 shares authorized, 2,600,000 issued and 1,500,000 outstanding respectively		
Series A, 1,600,000 shares designated, 1,600,000 and 1,500,000 shares issued and outstanding	16,000	15,000
Series B, 1,000,000 shares designated, 1,000,000 and 1,000,000 shares issued and outstanding	10,000	10,000
Common stock, par value \$.01, 324,000,000 shares authorized, 31,718,234 and 31,647,000 shares issued and outstanding, respectively	320,782	320,070
Treasury Stock (360,000 shares)	(2,501)	(2,501)
Additional paid-in-capital	4,121,531	4,022,481
Deficit accumulated during development stage	(3,333,288)	(2,974,025)
Total shareholders' equity	1,132,524	1,391,025
Total shareholders liabilities and shareholders' equity	\$ 1,315,116	\$ 1,600,866

See accompanying notes to unaudited condensed consolidated financial statements

BRIGHT MOUNTAIN HOLDINGS, INC. AND SUBSIDIARIES
(a development stage company)
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	For the Three Months Ended March 31,		For the period from May 20, 2010 (Inception) to March 31, 2014
	2014	2013	2014
Product Sales	\$ 202,830	\$ 69,922	\$ 907,819
Revenues from Services	10,540	647	18,243
Total Revenue	213,370	70,569	926,062
Cost of sales	159,860	57,518	738,596
Gross profit	53,510	13,051	187,466
Selling, general and administrative expenses	412,793	320,759	3,497,675
Loss from operations	(359,283)	(307,708)	(3,310,209)
Other income (expense)			
Interest income	20	7	159
Interest expense	—	(7,295)	(23,238)
Total other income (expense), net	20	(7,288)	(23,079)
Net Loss	\$ (359,263)	\$ (314,996)	\$ (3,333,288)
Basic and diluted net loss per share	\$ (0.01)	\$ (0.01)	\$ (0.13)
Weighted average shares outstanding - Basic and diluted	34,291,368	27,731,933	26,445,292

See accompanying notes to unaudited condensed consolidated financial statements

BRIGHT MOUNTAIN HOLDINGS, INC. AND SUBSIDIARIES
(a development stage company)
CONDENSED CONSOLIDATED STATEMENTS OF CHANGE IN SHAREHOLDERS' EQUITY
For the Period from May 20, 2012 (inception) to March 31, 2014
(Unaudited)

	Preferred Stock		Common Stock		Additional Paid-in Capital	Treasury Shares	Deficit Accumulated During Development Stage	Total Shareholders' Equity
	Shares	Amount	Shares	Amount				
Sale of common stock for cash (\$.01/share)	—	\$ —	18,000,000	\$ 180,000	\$ (80,000)		\$ —	\$ 100,000
Sale of common stock for cash (\$.17/share) pursuant to Private Placement Memorandum dated September 2, 2010			5,688,000	56,880	733,120			790,000
Net loss for the period from May 20, 2010 (inception) to December 31, 2010							(60,554)	(60,554)
Balance - December 31, 2010	—	—	23,688,000	236,880	653,120	—	(60,554)	829,446
Sale of common stock for cash (\$.14/share) pursuant to Private Placement Memorandum dated September 2, 2010			1,440,000	14,400	185,600			200,000
Stock option compensation expense					35,560			35,560
Net loss for the year ended December 31, 2011							(684,935)	(684,935)
Balance - December 31, 2011	—	—	25,128,000	251,280	874,280	—	(745,489)	380,071
Sale of common stock for cash (\$.28/share) pursuant to Access Letter dated December 1, 2011			2,214,000	22,140	592,860			615,000
Common stock issued for services (\$.28/share)			72,000	720	19,280			20,000
Stock option compensation expense					25,884			25,884
Net loss for the year ended December 31, 2012							(931,855)	(931,855)
Balance - December 31, 2012	—	\$ —	27,414,000	\$ 274,140	\$ 1,512,304	\$ —	\$ (1,677,344)	\$ 109,100

See accompanying notes to unaudited condensed consolidated financial statements

BRIGHT MOUNTAIN HOLDINGS, INC. AND SUBSIDIARIES
(a development stage company)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGE IN SHAREHOLDERS' EQUITY (CONTINUED)
For the Period from May 20, 2012 (inception) to March 31, 2014
(Unaudited)

	Preferred Stock		Common Stock		Additional Paid-in Capital	Treasury Shares	Deficit Accumulated During Development Stage	Total Shareholders' Equity
	Shares	Amount	Shares	Amount				
Balance - December 31, 2012	—	\$ —	27,414,000	\$ 274,140	\$ 1,512,304	\$ —	\$ (1,677,344)	\$ 109,100
Sale of common stock for cash (\$0.28/share) pursuant to Access Letter dated December 1, 2011			594,000	5,940	159,060			165,000
Sale of common stock for cash (\$0.28/share) pursuant to Subscription Agreement			2,435,400	24,354	652,146			676,500
Conversion of shareholder debt to common stock @ \$0.28 per share			1,029,600	10,296	275,704			286,000
Common stock issued for services (\$0.28/share)			514,000	5,140	137,638			142,778
Sale of Series A preferred stock for cash (\$0.50/share) pursuant to Subscription Agreement	1,500,000	15,000			735,000			750,000
Sale of Series B preferred stock for cash (\$0.50/share) pursuant to Subscription Agreement	1,000,000	10,000			490,000			500,000
Repurchase of shares of common stock for cash			(360,000)			(2,501)		(2,501)
Common stock issued for cash (\$0.50/share) pursuant to exercised stock option grant			20,000	200	9,800			10,000
Stock option compensation expense					50,829			50,829
Net loss for the year ended December 31, 2013							(1,296,681)	(1,296,681)
Balance -December 31, 2013	2,500,000	\$ 25,000	31,647,000	\$ 320,070	\$ 4,022,481	\$ (2,501)	\$ (2,974,025)	\$ 1,391,025

See accompanying notes to unaudited condensed consolidated financial statements

BRIGHT MOUNTAIN HOLDINGS, INC. AND SUBSIDIARIES
(a development stage company)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGE IN SHAREHOLDERS' EQUITY (CONTINUED)
For the Period from May 20, 2012 (inception) to March 31, 2014
(Unaudited)

	<u>Preferred Stock</u>		<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Treasury Shares</u>	<u>Deficit Accumulated During Development Stage</u>	<u>Total Shareholders' Equity</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>				
Balance - December 31, 2013	2,500,000	\$ 25,000	31,647,000	\$ 320,070	\$ 4,022,481	\$ (2,501)	\$ (2,974,025)	\$ 1,391,025
Common stock issued for cash (\$.50/share) pursuant to exercised stock option grant			50,000	500	24,500			25,000
Sale of Series A preferred stock for cash (\$.50/share) pursuant to Subscription Agreement	100,000	1,000			49,000			50,000
Common stock issued for 10% dividend payment pursuant to Series A & B preferred stock Subscription Agreements			21,234	212	(212)			—
Stock option compensation expense					25,762			25,762
Net loss for the quarter ended March 31, 2014							(359,263)	(359,263)
Balance - March 31, 2014	2,600,000	\$ 26,000	31,718,234	\$ 320,782	\$ 4,121,531	\$ (2,501)	\$ (3,333,288)	\$ 1,132,524

See accompanying notes to unaudited condensed consolidated financial statements

BRIGHT MOUNTAIN HOLDINGS, INC. AND SUBSIDIARIES
(a development stage company)
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Three Months Ended March 31,		For the Period from May 20, 2010 (Inception) to March 31, 2014
	2014	2013	2014
Cash flows from operating activities:			
Net Loss	\$ (359,263)	\$ (314,996)	\$ (3,333,288)
Adjustments to reconcile net loss to net cash used in operations:			
Depreciation	2,580	1,909	25,302
Amortization	21,381	—	21,381
Stock option compensation expense	25,762	4,311	138,035
Common stock issued for services	—	50,000	162,778
Changes in operating assets and liabilities:			
Accounts Receivable	(2,478)	—	(3,050)
Inventory	(109,569)	(41,904)	(412,887)
Prepaid costs and expenses	2,039	11,776	(7,968)
Other assets	—	(6,925)	(14,700)
Accounts payable	(15,248)	8,914	167,619
Accrued expenses	—	(819)	—
Net cash used in operating activities	<u>(434,796)</u>	<u>(287,734)</u>	<u>(3,256,778)</u>
Cash flows from investing activities:			
Purchase of fixed assets	(4,016)	—	(61,237)
Purchase of websites	(300,000)	—	(342,944)
Net cash used in investing activities	<u>(304,016)</u>	<u>—</u>	<u>(404,181)</u>
Cash flows from financing activities:			
Sale of common stock	25,000	110,000	2,581,500
Sale of Preferred stock	50,000	—	1,300,000
Repurchase of common stock	—	—	(2,501)
Payments on premium finance loan	(12,001)	(5,220)	(17,221)
LT debt - loan proceeds from related parties	—	—	300,000
Principal repayments-LT debt from related parties	—	(4,599)	(14,000)
Net cash provided by financing activities	<u>62,999</u>	<u>100,181</u>	<u>4,147,778</u>
Net increase (decrease) in cash	<u>(675,813)</u>	<u>(187,553)</u>	<u>486,819</u>
Cash at beginning of period	<u>1,162,632</u>	<u>336,684</u>	<u>—</u>
Cash at end of period	<u>\$ 486,819</u>	<u>\$ 149,131</u>	<u>\$ 486,819</u>
Supplemental Disclosure of Cash Flow Information			
Cash paid for:			
Interest	\$ —	\$ 7,295	\$ 23,238
Income Taxes	\$ —	\$ —	\$ —
Non-Cash Investing and financing activities			
Premium finance loan payable recorded as prepaid	\$ —	\$ 15,659	\$ 32,194
Conversion of related party notes to common stock	\$ —	\$ —	\$ 286,000

See accompanying notes to unaudited condensed consolidated financial statements

BRIGHT MOUNTAIN HOLDINGS INC. AND SUBSIDIARIES
(a development stage company)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2014
(Unaudited)

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Operations

Bright Mountain Holdings, Inc. (“BMHI” or the “Company,” “we,” “us,” “our”, “Bright Mountain”) is a Florida corporation formed on May 20, 2010. Its wholly owned subsidiaries, Bright Mountain LLC, and The Bright Insurance Agency, LLC, were formed as Florida limited liability companies in May 2011.

Bright Mountain plans to grow its business through organic growth and acquisitions. The Bright Mountain strategy is to concentrate its marketing and development to veterans and first responders, including law enforcement, firemen, and EMS.

The website, www.thebright.com, is an example of this strategy as it is demographically oriented, is directed to our various niche market users and includes, among other things, the following:

- news content, including national and international news, sports, entertainment, weather and business news
- original content stories written by our writers especially for our demographic audience
- discounts from hundreds of nationally known companies
- life, disability income, and long term care insurance
- a private email portal

Our websites contain a number of sections with a vast amount of mission group oriented information including originally written news content, financial markets information and data, blogs, forums, and career information. Bright Mountain Holdings websites are:

- Bootcamp4me.com (military);
- Bootcamp4me.org (military);
- Coastguardnews.com
- Fdcareers.com;
- Fireaffairs.com (first responders);
- Leoaffairs.com (law enforcement personnel);
- Teacheraffairs.com;
- Thebravestonline.com (first responders);
- Wardocumentaryfilms.com (military);
- Welcomehomeblog.com (military); and
- 360fire.com (first responders);

Basis of Presentation

The interim unaudited condensed consolidated financial statements included herein have been prepared by the Company, pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”). In the opinion of the Company’s management, all adjustments necessary to present fairly the consolidated results of operations and cash flows for the three months ended March 31, 2014, and the financial position as of March 31, 2014 have been made. The results of operations for such interim period is not necessarily indicative of the operating results expected for the full year.

BRIGHT MOUNTAIN HOLDINGS INC. AND SUBSIDIARIES
(a development stage company)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2014
(Unaudited)

Recapitalization

Our Board of Directors approved a 1.8 for 1 forward stock split of our common shares on June 26, 2013, which became effective for shareholders of record on June 26, 2013. The Company also amended its articles of incorporation to increase its authorized common stock to 324,000,000 shares. All shares issued prior to June 26, 2013 and the respective per share amounts (including quantities and prices) in our accompanying consolidated financial statements and notes to consolidated financial statements have been retroactively restated to reflect the 1.8 for 1 forward stock split and change in outstanding shares. This means that each original share quantity issued prior to June 26, 2013 has been multiplied by 1.8 and each original share price has been divided by 1.8. For example, the price per share of \$0.50 originally paid for by an investor prior to June 26, 2013 is now reflected as \$0.2778, while a quantity of 100 shares is now reflected as 180 shares.

Principles of Consolidation

The interim unaudited condensed consolidated financial statements include the accounts of BMHI and its wholly owned subsidiaries, Bright Mountain LLC and The Bright Insurance Agency, LLC. All significant intercompany transactions and balances have been eliminated in consolidation.

Development Stage Company

The Company has been in the development stage from inception to March 31, 2014. Activities during the development stage have been principally devoted to organizational activities, raising capital, software development and evaluating operational activities and business opportunities. Since its formation, the Company has had minimal revenues from its planned operations.

Use of Estimates

Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). These accounting principles require management to make certain estimates, judgments, and assumptions. We believe that the estimates, judgments, and assumptions upon which we rely are reasonable based upon information available to us at the time that these estimates, judgments, and assumptions are made. These estimates, judgments, and assumptions can affect the reported amounts of assets and liabilities as of the date of our consolidated financial statements as well as reported amounts of revenue and expenses during the periods presented. Our consolidated financial statements would be affected to the extent there are material differences between these estimates and actual results. In many cases, the accounting treatment of a particular transaction is specifically dictated by GAAP and does not require management's judgment in its application. There are also areas in which management's judgment in selecting any available alternative would not produce a materially different result. Significant estimates included in the accompanying consolidated financial statements include the fair value of acquired assets for purchase price allocation in business combinations, valuation of inventory, valuation of intangible assets, estimates of amortization period for intangible assets, valuation of equity based transactions, and the valuation allowance on deferred tax assets.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents

Fair Value of Financial Instruments and Fair Value Measurements

The Company measures its financial assets and liabilities in accordance with GAAP. For certain of our financial instruments, including cash, accounts payable, and the short-term portion of long-term debt, the carrying amounts approximate fair value due to their short maturities.

BRIGHT MOUNTAIN HOLDINGS INC. AND SUBSIDIARIES
(a development stage company)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2014
(Unaudited)

We adopted accounting guidance for financial and non-financial assets and liabilities (ASC 820). The adoption did not have a material impact on our results of operations, financial position or liquidity. This standard defines fair value, provides guidance for measuring fair value and requires certain disclosures. This standard does not require any new fair value measurements, but rather applies to all other accounting pronouncements that require or permit fair value measurements. This guidance does not apply to measurements related to share-based payments. This guidance discusses valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flow), and the cost approach (cost to replace the service capacity of an asset or replacement cost). The guidance utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The following is a brief description of those three levels:

Level 1: Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices that are observable, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.

Level 3: Unobservable inputs in which little or no market data exists, therefore developed using estimates and assumptions developed by us, which reflect those that a market participant would use.

Accounts Receivable

Accounts receivable are recorded at fair value on the date revenue is recognized. The Company provides allowances for doubtful accounts for estimated losses resulting from the inability of its customers to repay their obligation. If the financial condition of the Company's customers were to deteriorate, resulting in an impairment of their ability to repay, additional allowances may be required. The Company provides for potential uncollectible accounts receivable based on specific customer identification and historical collection experience adjusted for existing market conditions. If market conditions decline, actual collection experience may not meet expectations and may result in decreased cash flows and increased bad debt expense.

The policy for determining past due status is based on the contractual payment terms of each customer, which are generally net 30 or net 60 days. Once collection efforts by the Company and its collection agency are exhausted, the determination for charging off uncollectible receivables is made.

Inventories

Inventories are stated at the lower of cost or market using the first in, first out (FIFO) method. Provisions have been made to reduce excess or obsolete inventories to their net realizable value.

Revenue Recognition

The Company recognizes revenue on our products in accordance with ASC 605-10, "Revenue Recognition in Financial Statements". Under these guidelines, revenue is recognized on sales transactions when all of the following exist: persuasive evidence of an arrangement did exist, delivery of product has occurred, the sales price to the buyer is fixed or determinable and collectability is reasonably assured. The Company has several revenue streams generated directly from its website and specific revenue recognition criteria for each revenue stream is as follows:

- Sale of merchandise directly to consumers: The Company's product sales are recognized either FOB shipping point or FOB destination, dependent on the customer. Revenues are therefore recognized at point of ownership transfer, accordingly.

BRIGHT MOUNTAIN HOLDINGS INC. AND SUBSIDIARIES
(a development stage company)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2014
(Unaudited)

- Advertising revenue is received directly from companies who pay the Company a monthly fee for advertising space.
- Advertising revenues are generated by users “clicking” on website advertisements utilizing several ad network partners: Revenues are recognized, on a net basis, upon receipt of payment by the ad network partner since the revenue is not determinable until it is received.

The Company follows the guidance of ASC 605-50-25, “Revenue Recognition, Customer Payments”. Accordingly, any incentives received from vendors are recognized as a reduction of the cost of products included in inventories. Promotional products or samples given to customers or potential customers are recognized as a cost of goods sold. Cash incentives provided to our customers are recognized as a reduction of the related sale price, and, therefore, are a reduction in sales.

Cost of Sales

Components of costs of sales include product costs, shipping costs to customers and any inventory adjustments.

Shipping and Handling Costs

The Company includes shipping and handling fees billed to customers as revenues and shipping and handling costs for shipments to customers as cost of revenues.

Sales Return Reserve Policy

Our return policy generally allows our end users to return purchased products for refund or in exchange for new products. We estimate a reserve for sales returns, if any, and record that reserve amount as a reduction of sales and as a sales return reserve liability. Sales to consumers on our web site generally may be returned within a reasonable period of time.

Product Warranty Reserve Policy

The Company is a retail distributor of products and warranties are the responsibility of the manufacturer. Therefore, the Company does not record a reserve for product warranty.

Property and Equipment

Property and equipment is recorded at cost. Depreciation is computed using the straight-line method based on the estimated useful lives of the related assets of seven years for office furniture and equipment, and five years for computer equipment. Leasehold improvements, if any, would be amortized over the lesser of the lease term or the useful life of the improvements. Expenditures for maintenance and repairs along with fixed assets below our capitalization threshold of \$500 are expensed as incurred.

Website Development Costs

The Company accounts for its website development costs in accordance with Accounting Standards Codification (“ASC”) ASC 350-50, “Website Development Costs” (“ASC 350-50”). These costs, if any, are included in intangible assets in the accompanying consolidated financial statements or expensed immediately if the Company cannot support recovery of these costs from positive future cash flows.

ASC 350-50 requires the expensing of all costs of the preliminary project stage and the training and application maintenance stage and the capitalization of all internal or external direct costs incurred during the application and infrastructure development stage. Upgrades or enhancements that add functionality are capitalized while other costs during the operating stage are expensed as incurred. The Company amortizes the capitalized website development costs over an estimated life of three years.

BRIGHT MOUNTAIN HOLDINGS INC. AND SUBSIDIARIES
(a development stage company)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2014
(Unaudited)

As of March 31, 2014 and 2013, all internally generated website costs have been expensed.

Impairment of Long-Lived Assets

The Company accounts for long-lived assets in accordance with the provisions of FASB ASC 360-10, "Accounting for the Impairment or Disposal of Long-Lived Assets". This statement requires that long-lived assets and certain identifiable intangibles be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

Stock-Based Compensation

The Company accounts for stock-based instruments issued to employees for services in accordance with ASC Topic 718. ASC Topic 718 requires companies to recognize in the statement of operations the grant-date fair value of stock options and other equity based compensation issued to employees. The value of the portion of an employee award that is ultimately expected to vest is recognized as an expense over the requisite service periods using the straight-line attribution method. The Company accounts for non-employee share-based awards in accordance with the measurement and recognition criteria of ASC Topic 505-50, "Equity-Based Payments to Non-Employees". The Company estimates the fair value of stock options by using the Black-Scholes option-pricing model.

Advertising, Marketing and Promotion

Advertising, marketing and promotion expenses are expensed as incurred and are included in selling, general and administrative expenses on the accompanying statement of operations. For the three months ended March 31, 2014 and the three months ended March 31, 2013, advertising, marketing and promotion expense was \$19,246 and \$15,403 respectively.

Income Taxes

We use the asset and liability method to account for income taxes. Under this method, deferred income taxes are determined based on the differences between the tax basis of assets and liabilities and their reported amounts in the consolidated financial statements which will result in taxable or deductible amounts in future years and are measured using the currently enacted tax rates and laws. A valuation allowance is provided to reduce net deferred tax assets to the amount that, based on available evidence, is more likely than not to be realized.

The Company follows the provisions of ASC 740-10, *Accounting for Uncertain Income Tax Positions*. When tax returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would be ultimately sustained. In accordance with the guidance of ASC 740-10, the benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions taken are not offset or aggregated with other positions. Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than 50 percent likely of being realized upon settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above should be reflected as a liability for unrecognized tax benefits in the accompanying consolidated balance sheets along with any associated interest and penalties that would be payable to the taxing authorities upon examination.

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As of March 31, 2014, tax years 2013, 2012, 2011 and 2010 remain open for IRS audit. The Company has received no notice of audit or any notifications from the IRS for any of the open tax years.

Basic and Diluted Net Earnings (Loss) Per Common Share

In accordance with ASC 260-10, "Earnings Per Share", basic net earnings (loss) per common share is computed by dividing the net earnings (loss) for the period by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share are computed using the weighted average number of common and dilutive common stock equivalent shares outstanding during the period. As of March 31, 2014 and 2013 there were approximately 1,470,000 and 792,000 common stock equivalent shares outstanding as stock options, respectively and 2,600,000 and 0 common stock equivalents from the conversion of preferred stock, respectively. Equivalent shares were not utilized as the effect is anti-dilutive.

Segment Information

In accordance with the provisions of ASC 280-10, "Disclosures about Segments of an Enterprise and Related Information", the Company is required to report financial and descriptive information about its reportable operating segments. The Company does not have any operating segments as of March 31, 2014 and 2013.

Recent Accounting Pronouncements

Recent accounting standards that have been issued or proposed by FASB (Financial Accounting Standards Board) that do not require adoption until a future date are not expected to have a material impact on the financial statements upon adoption.

NOTE 2 - GOING CONCERN

The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company sustained a net loss of \$359,263 and used cash in operating activities of \$434,796 for the three months ended March 31, 2014. The Company had an accumulated deficit of \$3,333,288 at March 31, 2014. These factors raise substantial doubt about the ability of the Company to continue as a going concern for a reasonable period of time. The Company's continuation as a going concern is dependent upon its ability to generate revenues and its ability to continue receiving investment capital and loans from related parties to sustain its current level of operations.

Management plans to continue to raise additional capital through private placements and is exploring additional avenues for future fund-raising through both public and private sources.

The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

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NOTE 3 – BUSINESS ACQUISITIONS

As previously disclosed in our Annual Report on Form 10-K for the year ending December 31, 2013, on January 2, 2014, the Company entered into an agreement to purchase Leoaffairs.com, Fireaffairs.com, and Teacheraffairs.com for \$100,000 (the “Websites”). Payment terms for the acquisition of the Websites was \$100,000 at closing. Additionally, the Company agreed to pay \$4,166.67 per month, beginning February 1, 2014 and continuing monthly for 36 months, ending January 1, 2017 for Management Services. The agreement included a provision wherein the seller will receive stock options to purchase 50,000 shares of the Company’s common stock at closing. The agreement also includes a goal oriented incentive plan wherein the seller will have the opportunity to earn up to either a total of \$50,000 or 50,000 stock options for each of the years 2014, 2015, and 2016 for achieving specific traffic goals. The Company recorded the fair value of the contingency at \$0 on January 2, 2014 and \$0 as of March 31, 2014. The acquisition was accounted for following ASC 805 “Business Combination”. The operations of the Websites prior to the Company’s acquisition were immaterial; therefore, pro forma information will not be presented. There were no costs of acquisition incurred as a result of the Websites purchase. A copy of this agreement is filed as exhibit 10.19 to this report.

As previously disclosed in our Annual Report on Form 10-K for the year ending December 31, 2013, on March 3, 2014, the Company entered into an agreement to purchase Welcomehomeblog.com for \$200,000. Payment terms for the acquisition of the website was \$200,000 at closing. The acquisition was accounted following ASC 805 “Business Combination”. The operations of the website prior to the Company’s acquisition were immaterial; therefore, pro forma information will not be presented. There were no costs of acquisition incurred as a result of this website purchase. A copy of this agreement is filed as exhibit 10.20 to this report.

NOTE 4 – INVENTORIES

At March 31, 2014 and December 31, 2013 inventories consisted of the following:

	March 31, 2014	December 31, 2013
Product Inventory: Books	\$ 1,363	\$ 1,383
Product Inventory: Clocks & Watches	409,485	300,210
Product Inventory: Art	885	885
Product Inventory: Jewelry	333	508
Product Inventory: Other Inventory	821	332
Total Inventory Balance	<u>\$ 412,887</u>	<u>\$ 303,318</u>

NOTE 5 – PROPERTY AND EQUIPMENT

At March 31, 2014 and December 31, 2013 property and equipment consists of the following:

	March 31, 2014	December 31, 2013	Depreciable Life (Years)
Furniture & Fixtures	\$ 25,320	\$ 23,921	7
Computer Equipment	35,917	33,300	5
Total Fixed Assets	61,237	57,221	
Less: Accumulated Depreciation	(25,302)	(22,722)	
Total Fixed Assets, net	<u>\$ 35,935</u>	<u>\$ 34,499</u>	

Depreciation expense was \$2,580, \$1,909 and \$25,302 for the three months ended March 31, 2014 and March 31, 2013 and for the period from May 20, 2010 (inception) to March 31, 2014, respectively.

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NOTE 6 – LONG TERM DEBT TO RELATED PARTIES AND PREMIUM FINANCE LOAN PAYABLE

Notes Payable - Related Parties

Notes payable, classified as both short-term and long-term at March 31, 2014 and December 31, 2013, consists of the following:

	March 31, 2014	December 31, 2013
Current portion of debt:		
Chief Executive Office	\$ —	\$ —
Shareholders	—	—
Total Current portion of debt	\$ —	\$ —
Long term debt:		
Chief Executive Office	\$ —	\$ —
Shareholders	—	—
Total Long term debt	\$ —	\$ —

On August 1, 2012 the Company borrowed funds and issued notes to its majority shareholder and CEO in the amount of \$100,000, and to other shareholders in the amounts of \$100,000 and \$50,000 respectively. Each of the notes contained the same terms: maturity date, August 1, 2022, bear an interest rate of 10%, and are to be repaid, principal and interest monthly, based on a ten-year amortization schedule. The notes were secured by substantially all assets of the Company.

On November 1, 2012, the majority shareholder and CEO loaned the Company another \$50,000. The maturity date was November 1, 2022, bears an interest rate of 10%, and was to be repaid, principal and interest monthly, based on a ten-year amortization schedule. The note was secured by substantially all assets of the Company.

On May 31, 2013, the Company entered into an agreement with the respective shareholders to convert the remaining \$286,000 principal debt balance to equity by issuing 1,029,600 shares of the Company common stock to the respective shareholders. The majority shareholder and CEO was issued 516,600 shares of common stock for the principal debt balance of \$143,500. Other shareholders were issued 513,000 shares of common stock for the principal debt balance of \$142,500.

As of March 31, 2014, the Company does not have any long-term debt outstanding to related parties or any other entity.

Premium Finance Loan Payable

Premium finance loan payable related to the financing of the Company's Error & Omission (E&O) insurance coverage for the period September 6, 2013 through September 5, 2014. The Company financed \$14,438 of the total policy premium of \$19,159 (including interest of \$435) from Pro Premium Financing Company, Inc. The terms of the loan are nine equal payments of \$1,604 per month beginning October 6, 2013. The balance due was \$4,812 at March 31, 2014.

Premium finance loan payable related to the financing of the Company's subsidiary, The Bright Insurance Agency, LLC, Error & Omission (E&O) insurance coverage for the period October 14, 2013 through October 13, 2014. The Company financed \$1,982 of the total policy premium of \$2,524 (including interest of \$84) from IPFS Corporation. The terms of the loan are 9 equal payments of \$220 per month beginning November 14, 2013. The balance due was \$881 at March 31, 2014.

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Premium finance loan payable related to the financing of the Company's Director's & Officer's (D&O) insurance coverage for the period October 31, 2013 through October 30, 2014. The Company financed \$18,973 of the total policy premium of \$23,532 (including interest of \$674) from Flat Iron Capital. The terms of the loan are 9 equal payments of \$2,108 per month beginning November 30, 2013. The balance due was \$8,433 at March 31, 2014.

The Company entered into an agreement with Employers Assurance Company for the Company's Workers' Compensation and Employer (WC) liability insurance for the period January 1, 2014 through December 31, 2014. The total policy premium is \$1,815. The terms of the policy required a down payment of \$545 due on execution and three equal quarterly payments of \$424 beginning March 31, 2014. The balance due was \$847 at March 31, 2014.

Total Premium Finance Loan Payable balance for all of the Company's policies was \$14,973 at March 31, 2014 and \$26,974 at December 31, 2013.

NOTE 7 – INTANGIBLE ASSETS

Website acquisition assets at March 31, 2014 and December 31, 2013, consists of the following:

	March 31, 2014	December 31, 2013
Website Acquisition Assets	\$ 342,944	\$ 42,944
Less: Accumulated Amortization	(21,381)	—
Total Website Acquisition Assets, net	\$ 321,563	\$ 42,944

Amortization expense was \$21,381, \$0 and \$21,381 for the three months ended March 31, 2014 and March 31, 2013 and for the period from May 20, 2010 (inception) to March 31, 2014, respectively.

NOTE 8 – COMMITMENTS AND CONTINGENCIES

Legal

From time-to-time, we may be involved in litigation relating to claims arising out of our operations in the normal course of business. As of March 31, 2014 there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of our operations.

Lease Commitment

Leases

The Company leases its offices at 6400 Congress Avenue, Suite 2250, Boca Raton, Florida 33487 under a long-term non-cancellable lease agreement, which contains renewal options and no escalations for the lease term. On January 3, 2011, the Company entered into a lease of approximately 2,000 square feet for a term of 39 months in Boca Raton, Florida at a base rent of approximately \$4,000 per month. A security deposit of \$3,700 was paid on January 3, 2011. On September 30, 2013, the Company entered into a lease amendment wherein the Company leased Suite 1200 for an additional 1,017 square feet for a term of 39 months with a termination date of December 31, 2016. An additional security deposit of \$1,000 was paid upon execution of the lease amendment. Rent is all-inclusive and includes electricity, heat, air-conditioning, and water.

The Company's lease for Suite 2250 expired March 31, 2014. The Company anticipates executing a new lease for Suite 2250. As of today, the Company has not signed a new lease and is on a month-to-month lease.

Rent expense for the three months ended March 31, 2014 and 2013 was \$17,830 and \$9,752 respectively.

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Other Commitments

The Company entered into various contracts or agreements in the normal course of business, which may contain commitments. During the three months ended March 31, 2014 and 2013, the Company entered into agreements with third party vendors to supply website content and data, website software development, advertising, public relations, and legal services. All of these commitments contain provisions whereby either party may terminate the agreement with specified notice, normally 30 days, and with no further obligation on the part of either party.

All expenses and liabilities relating to such contracts were recorded in accordance with GAAP during all periods presented in the accompanying consolidated financial statements.

NOTE 9 – RELATED PARTIES

As noted in Note 12, on April 23, 2014 a related party founder purchased 200,000 shares of the Company's common shares for \$100,000.

As noted in Note 12, on May 2, 2014, a related party purchased 500,000 shares of the Company's common shares for \$250,000.

NOTE 10– SHAREHOLDERS' EQUITY

Preferred Stock

The Company authorized 20,000,000 shares of preferred stock with a par value of \$0.01.

At a meeting of the Board of Directors, held on November 1, 2013, the directors approved the designation of two million (2,000,000) shares of the Preferred Stock as 10% Series A Convertible Preferred Stock ("**Series A Stock**") and authorized the issuance of the Series A Stock. Holders of the Series A Stock shall be entitled to the payment of a 10% dividend payable in shares of the Corporation's common stock at a rate of one share of Common Stock for each ten shares of Series A Stock. Dividends shall be payable annually the tenth business day of January. Each holder of Series A Stock may convert all or part of the Series A Stock into shares of common stock on a share for share basis. Series A Stock shall rank superior to all other classes of stock upon liquidation. Each share of Series A Stock shall automatically convert to common shares five years from the date of issuance or upon change in control. On the tenth business day of January 2014 there were 17,398 shares of common stock dividends owed and due to the Series A Stockholders of record. The Company issued 17,398 shares of common stock dividends due Series A Stockholders of record. As of March 31, 2014, there were 34,629 shares of common stock dividends owed but not due until the tenth business day of January 2015 to the Series A Stockholders of record.

During the year ended December 31, 2013, the Company raised additional capital of \$750,000 through issuance of 1,500,000 shares of its Series A Stock pursuant to a private placement. Of the 1,500,000 shares of Series A Stock issued, 300,000 were issued to the Company's related party founder for \$150,000. An additional 850,000 shares of the 1,500,000 Series A Stock issued, were issued to a related party for \$425,000.

During the three months ended March 31, 2014, the Company raised additional capital of \$50,000 through issuance of 100,000 shares of its Series A Stock pursuant to the same private placement.

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At a meeting of the Board of Directors, held on December 23, 2013, the directors approved the designation of one million (1,000,000) shares of the Preferred Stock as 10% Series B Convertible Preferred Stock ("**Series B Stock**") and authorized the issuance of the Series B Stock. Holders of the Series B Stock shall be entitled to the payment of a 10% dividend payable in shares of the Corporation's common stock at a rate of one share of common stock for each ten shares of Series B. Stock. Dividends shall be payable annually the tenth business day of January. Each holder of Series B Stock may convert all or part of the Series B Stock into shares of common stock on a share for share basis. Series B Stock shall rank superior to all common stock upon liquidation. Each share of Series B Stock shall automatically convert to common shares five years from the date of issuance or upon change in control. On the tenth business day of January 2014 there were 3,836 shares of common stock dividends owed and due to the Series B stockholders or record. The Company issued 3,836 shares of common stock dividends due Series B Stockholder of record. As of March 31, 2014, there were 21,644 shares of common stock dividends owed but not due until the tenth business day of January 2015 to the Series B Stockholder of record.

During the year ended December 31, 2013, the Company raised additional capital of \$500,000 through the issuance of 1,000,000 shares of its Series B Stock pursuant to a private placement. All 1,000,000 shares of Series B Stock were issued to a related party.

Series A and B Stock are also subject to adjustment of the conversion terms due to future mergers, sales and stock splits, if any.

Common Stock

Recapitalization

Company's Board of Directors approved a 1.8 for 1 forward stock split of its common shares on June 26, 2013, which became effective for shareholders of record on June 26, 2013. The Company also amended its articles of incorporation to increase its authorized common stock to 324,000,000 shares. All shares issued prior to June 26, 2013 and the respective per share amounts (including quantities and prices) in the accompanying consolidated financial statements and notes to consolidated financial statements have been retroactively restated to reflect the 1.8 for 1 forward stock split and change in outstanding shares. This means that each original share quantity issued prior to June 26, 2013 has been multiplied by 1.8 and each original share price has been divided by 1.8.

A) Stock Issued for cash

The Company has authorized 324,000,000 shares of common stock and issued 18,000,000 to the Company's related party founder in July 2010 for \$100,000 in cash at \$.0056 per share, of which, 3,034,800 common shares were gifted by the related party founder to family members and others.

In 2010 and 2011, the Company raised additional capital through the issuance of common stock pursuant to a Private Placement Memorandum dated September 1, 2010, whereby \$790,000 and \$200,000 in capital was raised through the issuance of 5,688,000 and 1,440,000 shares of common stock at \$.1389 per share in 2010 and 2011, respectively.

In 2012, the Company raised additional capital through the issuance of common stock pursuant to an Access Letter dated December 1, 2011, whereby \$615,000 in capital was raised through the issuance of 2,214,000 shares of common stock at \$.2778 per share.

In 2013, the Company raised additional capital through the issuance of common stock pursuant to an Access Letter dated December 1, 2011, whereby \$165,000 in capital was raised through the issuance of 594,000 shares of common stock at \$.2778 per share.

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In 2013, the Company raised additional capital through issuance of common stock pursuant to a private placement whereby \$676,500 in capital was raised through the issuance of 2,435,400 shares of common stock at \$.2778 per share.

In 2013, the Company issued 20,000 shares of its common stock in connection with an exercised stock option grant to an outside consultant. The Company valued these common shares at \$10,000 based on the exercise price of \$0.50 per common share.

During the three months ended March 31, 2014, the Company issued 50,000 shares of its common stock in connection with an exercised stock option grant to an outside consultant and received \$25,000 based on the exercise price of \$0.50 per common share.

B) Stock issued for services

During 2012, the Company issued 72,000 shares of its common stock to three individuals for services rendered. The Company valued these common shares based on the price recent investors paid for common shares pursuant to an Access Letter dated December 1, 2011, or \$.2778 per share. The total value for these shares is \$20,000.

During 2013, the Company issued 514,000 shares of its common stock to four individuals for services rendered. The Company valued these common shares based on the price recent investors paid for common shares pursuant to an Access Letter dated December 1, 2011 and pursuant to a private placement, or \$.2778 per share. The total value for these shares is \$142,778.

C) Stock issued for dividends

During the three months ended March 31, 2014, the Company issued 21,234 shares of its common stock in connection with the Series A Stock private placement subscription agreements and Series B Stock private placement subscription agreement that were issued in 2013. Holders of the Series A and Series B Stock shall be entitled to the payment of a 10% dividend payable in shares of the Company's common stock at a rate of one share of common stock (which may be rounded up) for each ten shares of Series A or Series B Stock. Dividends shall be payable annually the tenth business day of January (see Note 10 Preferred Stock).

D) Stock Repurchase for cash

During the year ended 2013, the Company entered into common stock repurchase agreements wherein the company acquired an aggregate of 360,000 shares of treasury stock. The Company repurchased the shares for \$2,501.

E) Debt Conversion

During 2013, the Company converted principal related party debt balance of \$286,000 to equity by issuing 1,029,600 shares of common stock. The Company valued these common shares based on the price recent investors paid for common shares pursuant to a private placement, or \$.2778 per share.

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Stock Incentive Plan and Stock Option Grants to Employees and Directors

The Company accounts for stock option compensation issued to employees for services in accordance with ASC Topic 718. ASC Topic 718 requires companies to recognize in the statement of operations the grant-date fair value of stock options and other equity based compensation issued to employees. The value of the portion of an employee award that is ultimately expected to vest is recognized as an expense over the requisite service periods using the straight-line attribution method. The Company accounts for non-employee share-based awards in accordance with the measurement and recognition criteria of ASC Topic 505-50, *Equity-Based Payments to Non-Employees*. The Company estimates the fair value of stock options by using the Black-Scholes option-pricing model.

Stock options issued to consultants and other non-employees as compensation for services provided to the Company are accounted for based on the fair value of the services provided or the estimated fair market value of the option, whichever is more reliably measurable in accordance with FASB ASC 505, *Equity*, and FASB ASC 718, *Compensation-Stock Compensation*, including related amendments and interpretations. The related expense is recognized over the period the services are provided.

On April 20, 2011, the Company's board of directors and majority stockholder adopted the 2011 Stock Option Plan (the "2011 Plan"), to be effective on January 3, 2011. The purpose of the 2011 Plan is to provide an incentive to attract and retain directors, officers, consultants, advisors and employees whose services are considered valuable, to encourage a sense of proprietorship and to stimulate an active interest of such persons into our development and financial success. Under the 2011 Plan, the Company is authorized to issue incentive stock options intended to qualify under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), non-qualified stock options, stock appreciation rights, performance shares, restricted stock and long-term incentive awards. The Company had reserved for issuance an aggregate of 900,000 shares of common stock under the 2011 Plan. The maximum aggregate number of shares of Company stock that shall be subject to grants made under the 2011 Plan to any individual during any calendar year shall be 180,000 shares. The Company's board of directors will administer the 2011 Plan until such time as such authority has been delegated to a committee of the board of directors. The material terms of each option granted pursuant to the 2011 Plan by the Company shall contain the following terms: (i) that the purchase price of each share purchasable under an incentive option shall be determined by the Committee at the time of grant, (ii) the term of each option shall be fixed by the Committee, but no option shall be exercisable more than 10 years after the date such option is granted and (iii) in the absence of any option vesting periods designated by the Committee at the time of grant, options shall vest and become exercisable in terms and conditions, consistent with the 2011 Plan, as may be determined by the Committee and specified in the grant instrument. As of March 31, 2014, 0 shares were remaining under the 2011 Plan for future issuance.

On January 3, 2011, the Company granted, pursuant to the 2011 Plan, ten-year stock options to purchase 720,000 common shares of the Company, of which (i) 180,000 are exercisable on January 3, 2012 at \$0.1389 per share, (ii) 180,000 are exercisable on January 3, 2013 at \$0.1389 per share, (iii) 180,000 are exercisable on January 3, 2014 at \$0.1389 per share and (iv) 180,000 are exercisable on January 3, 2015 at \$0.1389 per share. Of the 720,000 ten-year stock options granted on January 3, 2011, 360,000 were granted to related party officers.

The total fair value of stock option awards granted to employees during the year ended December 31, 2011 was \$68,880, which is being recognized over the respective vesting periods. The Company recorded compensation expense of \$35,560 for the year ended December 31, 2011.

On February 17, 2012, the Company granted 54,000 ten-year stock options, which have an exercise price of \$0.2778 per share and cliff vest annually over three years starting February 17, 2013, to an employee. The fair value was computed at \$10,302 or \$0.1908 per option.

On April 16, 2012, the Company granted 18,000 ten-year stock options, which have an exercise price of \$0.2778 and cliff vest annually over three years starting on April 16, 2013, to a non-employee. The fair value was computed at \$3,432 or \$0.1908 per option.

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The total fair value of stock option awards granted to employees during the year ended December 31, 2012 was \$13,734, which is being recognized over the respective vesting periods. The Company recorded compensation expense of \$25,884 for the year ended December 31, 2012 in connection with all options.

On April 1, 2013, the Company's board of directors and majority stockholder adopted the 2013 Stock Option Plan (the "2013 Plan"), to be effective on April 1, 2013. The purpose of the 2013 Plan is to provide an incentive to attract and retain directors, officers, consultants, advisors and employees whose services are considered valuable, to encourage a sense of proprietorship and to stimulate an active interest of such persons into our development and financial success. Under the 2013 Plan, the Company is authorized to issue incentive stock options intended to qualify under Section 422 of the Code, non-qualified stock options, stock appreciation rights, performance shares, restricted stock and long-term incentive awards. The Company has reserved for issuance an aggregate of 900,000 shares of common stock under the 2013 Plan. The maximum aggregate number of shares of Company stock that shall be subject to grants made under the 2013 Plan to any individual during any calendar year shall be 180,000 shares. The Company's board of directors will administer the 2013 Plan until such time as such authority has been delegated to a committee of the board of directors. The material terms of each option granted pursuant to the 2013 Plan by the Company shall contain the following terms: (i) that the purchase price of each share purchasable under an incentive option shall be determined by the Committee at the time of grant, (ii) the term of each option shall be fixed by the Committee, but no option shall be exercisable more than 10 years after the date such option is granted and (iii) in the absence of any option vesting periods designated by the Committee at the time of grant, options shall vest and become exercisable in terms and conditions, consistent with the 2013 Plan, as may be determined by the Committee and specified in the grant instrument. As of March 31, 2014, 260,000 shares were remaining under the 2013 Plan for future issuance.

Between April 9, 2013 and June 24, 2013, the Company granted 468,000 ten-year stock options, which have an exercise price of \$0.2778 and cliff vest annually over four years starting in April to June 2013, to two employees and one director. The aggregate fair value of these options was computed at \$89,236 or \$0.1907 per option, which is being recognized over the requisite service period, which is the vesting period.

On July 1, 2013 the Company's prior CFO retired and the Board authorized his options to continue vesting and expire on the original expiration date. In accordance with ASC 718, the remaining cost relating to his stock options was expensed since the requisite services were completed. The intrinsic value of the exercisable options at December 31, 2013 was computed at \$32,499 or \$0.3611 per exercisable option.

On August 12, 2013 the Company granted 100,000 ten-year stock options, which have an exercise price of \$0.50 per share and cliff vest annually over four years starting in August 2014 to an employee. The aggregate fair value of these options was computed at \$16,334 or \$0.1633 per option.

On December 15, 2013 the Company granted 40,000 ten-year stock options, which have an exercise price of \$0.50 per share and cliff vest annually over four years starting in December 2014 to an employee. The aggregate fair value of these options was computed at \$6,534 or \$0.1633 per option.

On December 15, 2013 the Company granted 40,000 ten-year stock options, which have an exercise price of \$0.50 per share to a consultant. Of the 40,000 stock options, 20,000 vest on December 15, 2013, 10,000 vest on December 15, 2014, and the remaining 10,000 vest on December 15, 2015. The aggregate fair value of these options was computed at \$6,534 or \$0.1633 per option.

On December 23, 2013 a consultant exercised 20,000 of a total of 40,000 stock options, which he was granted on December 15, 2013. Of the 40,000 stock options granted, 20,000 vested on December 15, 2013 and had an exercise price of \$0.050 per share. The remaining 20,000 stock options will vest as follows: 10,000 will vest on December 15, 2014 and the remaining 10,000 stock options will vest on December 15, 2015. The consultant paid the Company \$10,000 for the 20,000 common shares issued.

BRIGHT MOUNTAIN HOLDINGS INC. AND SUBSIDIARIES
(a development stage company)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2014
(Unaudited)

On January 2, 2014 the Company granted 50,000 ten-year options, which have an exercise price of \$0.50 per share to a consultant. All 50,000 stock options vested on January 2, 2014. The aggregate fair value of these options was computed at \$8,167 or \$0.1633 per option.

On January 2, 2014 the Company granted 50,000 ten-year stock options, which have an exercise price of \$0.50 per share and cliff vest annually over four years starting in January 2015 to an employee. The aggregate fair value of these options was computed at \$8,167 or \$0.1633 per option.

The Company estimates the fair value of share-based compensation utilizing the Black-Scholes option pricing model, which is dependent upon several variables such as the expected option term, expected volatility of our stock price over the expected option term, expected risk-free interest rate over the expected option term, expected dividend yield rate over the expected option term, and an estimate of expected forfeiture rates.

The Company recorded \$25,762 and \$4,311 stock option expense for the three months ended March 31, 2014 and March 31, 2013 respectively in connection with all options.

As of March 31, 2014 there were total unrecognized compensation costs related to non-vested share-based compensation arrangements of \$79,546 to be recognized through March 2018.

A summary of the Company's stock option activity during the three months ended March 31, 2014 is presented below:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Balance Outstanding, December 31, 2013	1,420,000	\$ 0.23	8.2	\$ 495,200
Granted	100,000	0.50	—	—
Exercised	(50,000)	—	—	—
Forfeited	—	—	—	—
Expired	—	—	—	—
Balance Outstanding, March 31, 2014	<u>1,470,000</u>	<u>\$ 0.24</u>	<u>8.0</u>	<u>\$ 678,200</u>
Exercisable at March 31, 2014	<u>653,200</u>	<u>\$ 0.17</u>	<u>7.1</u>	<u>\$ 220,843</u>

NOTE 11 – CONCENTRATIONS

The Company purchases a substantial amount of its products from two vendors; Vendor A and Vendor B. During the three months ended March 31, 2014, these two vendors accounted for 68% and 25%, respectively of total products purchased. Although we continue to expand our product line and vendor relationships, due to the high concentration and reliance on these two vendors, the loss of one of these two vendors could adversely affect the Company's operations.

The Company sells many of its products through various distribution portals, which include Amazon and Ebay. During the three months ended March 31, 2014, these two portals accounted for 75% and 20%, respectively of our total sales. Due to high concentration and reliance on these portals, the loss of a working relationship with either of these two portals could adversely affect the Company's operations.

A substantial amount of payments for our products sold are processed through Paypal. A disruption in Paypal payment processing could have an adverse effect on the Company's operations and cash flow. During the three months ended March 31, 2014, the Company established a account with a payment processor as an alternate portal for receiving payments for our products sold.

BRIGHT MOUNTAIN HOLDINGS INC. AND SUBSIDIARIES
(a development stage company)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2014
(Unaudited)

Credit Risk

The Company minimizes the concentration of credit risk associated with its cash by maintaining its cash with high quality federally insured financial institutions. However, cash balances in excess of the FDIC insured limit of \$250,000 are at risk. At March 31, 2014 and December 31, 2013, respectively, the Company had cash balances above the FDIC insured limit of \$112,137 and \$716,847 respectively. The Company performs ongoing evaluations of its trade accounts receivable customers and generally does not require collateral.

Concentration of Funding

During the three months ended March 31, 2014 and 2013, a large portion of the Company's funding was provided by the sale of shares of the Company's common stock to related parties.

NOTE 12 – SUBSEQUENT EVENTS

On April 21, 2014, the Company issued to an attorney 25,000 shares of the Company's common stock at \$.50 per share, or \$12,500, for services rendered. The Company valued these common shares based on the price recent investors paid for common shares pursuant to a private placement and recognized as expense immediately.

On April 23, 2014, the Company raised additional capital through issuance of its common stock pursuant to a private placement whereby \$100,000 in capital was raised through the issuance of 200,000 shares of common stock at \$.50 per share to a related party founder.

On April 28, 2014, the Company raised additional capital through issuance of its common stock pursuant to a private placement whereby \$50,000 was raised through the issuance of 100,000 shares of common stock at \$.50 per share.

On April 30, 2014, the Company raised additional capital through issuance of its common stock pursuant to a private placement whereby \$100,000 in capital was raised through the issuance of 200,000 shares of common stock at \$.50 per share.

On May 2, 2014, the Company raised additional capital through issuance of its common stock pursuant to a private placement whereby \$250,000 in capital was raised through the issuance of 500,000 share of common stock at \$.50 per share to a related party.

On May 2, 2014, the Company entered into a Website Asset Purchase and Management Agreement to acquire FDcareers.com on May 2, 2014. The Company purchased FDCareers.com for \$52,000. The payment terms are \$52,000 payable on May 2, 2014 for the website plus \$13,000 on May 2, 2014 for management services and consulting fees for the Seller's maintenance of the Website for the month May 2014 and for training during the months of June and July 2014.

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

The following discussion of our consolidated financial condition and results of operations for the three months ended March 31, 2014 and 2013 should be read in conjunction with the unaudited consolidated financial statements and the notes to those statements that are included elsewhere in this report. Our discussion includes forward-looking statements based upon current expectations that involve risks and uncertainties, such as our plans, objectives, expectations and intentions. Actual results and the timing of events could differ materially from those anticipated in these forward-looking statements as a result of a number of factors, including those set forth under "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2013 as filed with the Securities and Exchange Commission. We use words such as "anticipate," "estimate," "plan," "project," "continuing," "ongoing," "expect," "believe," "intend," "may," "will," "should," "could," and similar expressions to identify forward-looking statements.

Overview

We are a development stage company organized in May 2010. Bright Mountain plans to grow its business through organic growth and acquisitions concentrating in the veterans and first responder demographic.

Bright Mountain websites at December 31, 2013 included:

- Bootcamp4me.com
- Bootcamp4me.org
- Brightwatches.com
- Coastguardnews.com
- Thebravestonline.com
- TheBright.com
- Wardocumentaryfilms.com
- 360fire.com

During 2014, we have continued to expand our operations through the acquisition of:

- FDCareers.com
- Fireaffairs.com
- Leoaffairs.com
- Teacheraffairs.com
- Welcomehomeblog.com

Growth and retention of user traffic is paramount to our Company's future success. We expect to undertake specific efforts to develop this user traffic, including:

- creation of a private email network portal at TheBright.com
- development of TheBright.com news.
- development of a social media platform focused on military veterans and first responders, is being planned for Bright Mountain websites, and
- Acquisition of websites that are related to the Company's core strategy for veterans and first responders.

Bright Mountain has grown from 1 to 13 websites since March 2013.

Over the past five quarters, we have experienced sequential growth, including acquisitions, in the number of visitors of over 50%.

Going Concern

We have incurred net losses and used cash in operations of \$3,333,288 and \$3,256,778 respectively, since inception (May 20, 2010) through March 31, 2014. The report of our independent registered public accounting firm on our consolidated balance sheets at December 31, 2013, 2012 and 2011, and the related consolidated statements of operations, changes in shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2013 and for the period from May 20, 2010 (inception) to December 31, 2013 contains an explanatory paragraph regarding substantial doubt of our ability to continue as a going concern based upon our net losses, cash used in operations and accumulated deficit. These factors, among others, raise substantial doubt about our ability to continue as a going concern. Our consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. There are no assurances we will be successful in our efforts to generate revenues or report profitable operations or to continue as a going concern, in which event investors would lose their entire investment in our company.

Results of Operations for the three months ended March 31, 2014 compared to the three months ended March 31, 2013

Revenue: The Company's revenues for the first quarter of 2014 increased 202% as compared to the first quarter of 2013. The increase in our product sales reflects the impact of expanded product inventory and increased visitor traffic.

Cost of sales: Cost of sales as a percentage of total revenues was 75% for the first quarter of 2014 as compared to the first quarter of 2013 of 82%. Our gross profit margins increased to 25% for the first quarter of 2014 as compared to 18% for the first quarter of 2013 as a result of expanded product lines, strengthened purchasing power, and increased sales.

Selling, general and administrative expenses: The Company's selling, general and administrative expenses for the first quarter of 2014 increased 29% from the first quarter of 2013. The increase in selling, general and administrative expenses can be attributed to ongoing implementation of the Company's business plan and our need to add five employees to manage our growth. The following expenses increased in the first quarter of 2014 from the comparable period in 2013;

- payroll, payroll taxes, and employee medical expense increased by \$67,498;
- insurance expense increased by \$3,764;
- rent increased by \$8,078;
- stock based, non-cash compensation increased by \$21,451;
- website content, software development, domain registration, and server hosting fees increased by approximately \$1,887.
- advertising and marketing expense increased by \$3,843; and
- non-cash amortization expense increased by \$21,381.

Our cash operating expenses for the first quarter of 2014 averaged at approximately \$121,000 per month. We anticipate that our operating expenses for the remainder of 2014 will increase to an approximate monthly average of \$137,000 per month. This increase in anticipated operating expenses will be primarily affected by our need to add employees to manage our continuous growth.

Interest expense: The Company's interest expense for the first quarter of 2014 was \$0 as compared to \$7,295 for the first quarter of 2013. On May 31, 2013, the Company entered into an agreement with the respective shareholders to convert the remaining \$286,000 principal debt balance to equity by issuing 1,029,000 shares of the Company common stock to the respective shareholders.

Liquidity and capital resources

Liquidity is the ability of a company to generate sufficient cash to satisfy its needs for cash. As of March 31, 2014 we had approximately \$486,819 in cash and cash equivalents and working capital of \$760,326, as compared to cash and cash equivalents of approximately \$149,131 and working capital of \$184,596 at March 31, 2013. Our principal sources of operating capital have been equity financings and loans from related parties. During the three months ended March 31, 2014 we raised \$75,000 in capital through the sale of our securities, of which \$25,000 resulted from exercised stock options. Subsequent to March 31, 2014 we have raised an additional \$500,000 in capital through the sale of shares of our common stock.

We continue to use our working capital to purchase additional websites. During the first quarter of 2014, the Company spent approximately \$300,000 for the purchase of Leoaffairs.com, Fireaffairs.com, Teacheraffairs.com, and Welcomehomeblog.com.

Presently, our monthly operating overhead is approximately \$138,000 of which, approximately \$121,000 is cash operating overhead. We intend to increase this \$121,000 cash operating overhead to \$130,000 if we are able to raise additional capital with the initial proceeds being used for an increase in general and administrative expenses, branding, marketing, advertising and promotion, ongoing website development and operations and inventory. In the absence of additional funding, we will need to decrease our expenses, which will adversely impact on our plan of operations.

While we generated nominal revenues during the first quarter of 2014, we do not anticipate that we will generate sufficient income to fund our operations for the next 12 months and we will need to raise additional working capital of at least \$700,000. We do not have any firm commitments for this necessary capital and there are no assurances we will be successful in raising the capital upon terms and conditions which are acceptable to us, if at all. If we are unable to raise the necessary additional working capital, absent a significant increase in our revenues, of which there is no assurance, we will be unable to continue to grow our company and may be forced to reduce certain operating expenses in an effort to conserve our working capital.

Cash flows

Net cash flows used in operating activities was \$434,796 for the first quarter of 2014 as compared to \$287,734 used in operating activities for the first quarter of 2013. In the first quarter of 2014 we used cash primarily to fund our net loss of \$359,263, acquisitions of websites of \$300,000, and increases in our inventory. These increases were offset by an increase in accounts payable. In the first quarter of 2013, we used cash to primarily fund our net loss of \$314,996 and an increase in our inventory, which was offset by increases in accrued expenses and prepaids.

Net cash used in investing activities was \$304,016 for the first quarter of 2014 as compared to \$0 used in investing activities for the first quarter of 2013, due to the purchase of fixed assets.

Net cash flows provided from financing activities was \$62,999 for the first quarter of 2014 as compared to \$100,181 for the first quarter of 2013. In both periods, cash was provided from the sale of our securities, net of repayments of debt obligations.

Critical accounting policies

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities and the reported amounts of revenue and expenses during the reported periods. The more critical accounting estimates include estimates related to revenue recognition and accounts receivable allowances. We also have other key accounting policies, which involve the use of estimates, judgments and assumptions that are significant to understanding our results, which are described in Note 1 to our unaudited consolidated financial statements appearing elsewhere in this report.

Recent accounting pronouncements

The recent accounting standards that have been issued or proposed by the FASB or other standards-setting bodies that do not require adoption until a future date are not expected to have a material impact on our financial statements upon adoption.

Off balance sheet arrangements

As of the date of this report, we do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors. The term "off-balance sheet arrangement" generally means any transaction, agreement or other contractual arrangement to which an entity unconsolidated with us is a party, under which we have any obligation arising under a guarantee contract, derivative instrument or variable interest or a retained or contingent interest in assets transferred to such entity or similar arrangement that serves as credit, liquidity or market risk support for such assets.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not applicable for a smaller reporting company.

ITEM 4. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures. We maintain “disclosure controls and procedures” as such term is defined in Rule 13a-15(e) under Securities Exchange Act of 1934 (the “Exchange Act”). In designing and evaluating our disclosure controls and procedures, our management recognized that disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of disclosure controls and procedures are met. Additionally, in designing disclosure controls and procedures, our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures. The design of any disclosure controls and procedures also is based in part upon 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. Based on their evaluation as of the end of the period covered by this report, our Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures were not effective such that the information relating to our company, required to be disclosed in our Securities and Exchange Commission reports (i) is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and (ii) is accumulated and communicated to our management, including our Chief Executive Officer, to allow timely decisions regarding required disclosure as a result of continuing material weaknesses in our internal control over financial reporting as described in our Annual Report on Form 10-K for the year ended December 31, 2013. A material weakness is a deficiency, or combination of deficiencies, that results in more than a remote likelihood that a material misstatement of annual or interim financial statements will not be prevented or detected. These material weaknesses in our internal control over financial reporting related to:

- the Company current has only one employee who is responsible for handling the cash and making deposits, posting cash receipts, writing and mailing checks, and posting cash disbursements. Our CEO reviews bank statements and reconciliations on a monthly basis as a mitigating control until such time as funds are available to the Company to create a position to segregate duties consistent with control objectives, and
- we do not currently have monitoring controls in place to ensure correct analysis and application of generally accepted accounting principles. As a result, the Company is contemplating retaining an outside accountant with SEC accounting experience on an as needed basis as a monitoring control.

Management believes that the material weaknesses set forth above did not have an effect on the Company's financial reporting for the three months ended March 31, 2014. However, management believes that the lack of a functioning audit committee and lack of a majority of outside directors on the Company's board of directors can adversely affect reporting in the future years, when our operations become more complex and less transparent and require higher level of financial expertise from the overseeing body of the Company.

We are committed to improving our financial organization. As part of this commitment, we will, as soon as funds are available to the Company:

- appoint one or more outside directors to our board of directors who shall be appointed to the audit committee of the Company resulting in a fully functioning audit committee who will undertake the oversight in the establishment and monitoring of required internal controls and procedures;
- create a position to segregate duties consistent with control objectives and will increase our personnel resources; and
- hire independent third parties or consultants to provide expert advice as needed.

We will continue to monitor and evaluate the effectiveness of our internal controls and procedures and our internal controls over financial reporting on an ongoing basis and are committed to taking further action and implementing additional enhancements or improvements, as necessary and as funds allow. We do not, however, expect that the material weaknesses in our disclosure controls will be remediated until such time as we have improved our internal control over financial reporting.

Changes in Internal Control over Financial Reporting. There have been no changes in our internal control over financial reporting during our last fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

None.

ITEM 1A. RISK FACTORS.

Not applicable for a smaller reporting company.

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

On January 10, 2014, the Company raised additional capital of \$50,000 through sale of 100,000 shares of its Series A Convertible Preferred Stock pursuant to a private placement. The purchaser was an accredited investor and the issuance was exempt from registration under the Securities Act of 1933, as amended (the "Securities Act"), in reliance on an exemption provided by Section 4(a)(2) of that act. The Company did not pay any commissions or finder's fees in this transaction and we are using the proceeds for working capital.

On April 21, 2014, the Company issued 25,000 shares of its common stock valued at \$0.50 per share, or \$12,500, for services rendered. The recipient was an accredited investor and the issuance was exempt from registration under the Securities Act in reliance on an exemption provided by Section 4(a)(2) of that act.

Between April 23, 2014 and May 2, 2014, the Company sold an aggregate of 1,000,000 shares of its common stock to four investors at a purchase price of \$0.50 per share in private transactions. Included in these transactions was the sale of 200,000 shares of common stock to a related party founder and 500,000 shares of common stock to an affiliate. The purchasers were accredited investors and the issuances were exempt from registration under the Securities Act in reliance on exemptions provided by Section 4(a)(2) of that act. The Company did not pay any commissions or finder's fees in these transactions and we are using the proceeds for working capital.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable to our company's operations.

ITEM 5. OTHER INFORMATION.

None.

ITEM 6. EXHIBITS.

No.	Description
10.19	Website Purchase Agreement dated January 2, 2014 by and between Bright Mountain Holdings, Inc., and Dale B. "Chip" DeBlock, Leoaffairs.com, Fireaffairs.com, and Teacheraffairs.com *
10.20	Website Purchase Agreement dated March 3, 2014 by and between Bright Mountain Holdings, Inc., and Chase Holfelder *
31.1	Rule 13a-14(a)/ 15d-14(a) Certification of Chief Executive Officer *
31.2	Rule 13a-14(a)/ 15d-14(a) Certification of Chief Financial Officer *
32.1	Section 1350 Certification of Chief Executive Officer and Chief Financial Officer*
101.INS	XBRL Instance Document **
101.PRE	XBRL Taxonomy Extension Presentation Linkbase **
101.LAE	XBRL Taxonomy Extension Label Linkbase **
101.DEF	XBRL Taxonomy Extension Definition Linkbase **
101.SCH	XBRL Taxonomy Extension Schema **
101.CAL	XBRL Taxonomy Extension Calculation Linkbase **

* filed herewith

** pursuant to Rule 406T of Regulation S-T, the interactive data files on Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Section 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

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.

BRIGHT MOUNTAIN HOLDINGS, INC.

May 13, 2014

By: /s/ W. Kip Speyer
W. Kip Speyer, Chief Executive Officer

May 13, 2014

By: /s/ Annette Casacci
Annette Casacci, Chief Financial Officer

WEBSITES ASSET PURCHASE AND MANAGEMENT AGREEMENT

This Websites Asset Purchase Agreement and Management Agreement (the “Agreement”) is made effective on this 2nd day of January, 2014, by and between Dale B. “Chip” DeBlock, LEOAFFAIRS.COM, FIREAFFAIRS.COM, and TEACHERAFFAIRS.COM of 17640 Nathan’s Drive, Tampa, FL 33647 (the “Seller”), and Bright Mountain, LLC of 6400 Congress Avenue, Boca Raton, FL 33487 (the “Buyer”).

WEBSITES ASSET PURCHASE

Subject to the terms and conditions contained in this Agreement the Seller hereby sells and transfers to the Buyer any and all of Seller’s rights, title and interest in and to the Websites LEOAFFAIRS.COM, FIREAFFAIRS.COM, and TEACHERAFFAIRS.COM (the “Websites”), all accompanying social media assets, all related domains as reflected on Exhibit “A” attached, including the community affairs domains, and any other rights associated with the Websites, including, without limitation, any intellectual property rights, logos, customer lists, email lists, and websites revenue.

PAYMENT TERMS FOR ASSET PURCHASE OF WEBSITE AND CLOSING

In consideration for the purchase of the Websites, the Buyer agrees to pay the Seller the total amount of \$100,000 at the January 2, 2014 closing.

MANAGEMENT AGREEMENT FOR SERVICES

Seller will be paid \$50,000 per year for three years at the rate of \$4,166.67 per month beginning February 1, 2014 and continuing every 30 days for 36 months, ending January 1, 2017 for the Management Services. Seller will be paid promptly each month as an independent contractor and no taxes withheld.

INCENTIVE PLANS FOR SERVICES

Seller will receive stock options to purchase 50,000 shares of Bright Mountain Holdings, Inc., common stock at the January 2, 2014 closing. Options vest 25% per year beginning January 2, 2015 and are guided by the BMHI 2013 Stock Option Plan which has been provided to seller and are priced at current selling price of BMHI stock at the time options are issued.

Seller will have the opportunity to earn up to either a total of \$50,000 or 50,000 stock options (at seller's choice) for each of the years 2014, 2015, and 2016 for achieving traffic goals (created by seller and agreed by BMHI) as follows:

2014 GOALS:

LEOAFFAIRS.COM: 3 million unique visitors as measured by Google analytics: \$40,000 or 40,000 options.

FIREAFFAIRS.COM: 250,000 unique visitors as measured by Google analytics: \$5,000 or 5,000 options.

TEACHERAFFAIRS.COM: 250,000 unique visitors as measured by Google analytics: \$5,000 or 5,000 options.

2015 GOALS:

LEOAFFAIRS.COM: 5 million unique visitors as measured by Google analytics: \$40,000 or 40,000 options.

FIREAFFAIRS.COM: 500,000 unique visitors as measured by Google analytics: \$5,000 or 5,000 options.

TEACHERAFFAIRS.COM: 750,000 unique visitors as measured by Google analytics: \$5,000 or 5,000 options.

2016 GOALS:

LEOAFFAIRS.COM: 7 million unique visitors as measured by Google analytics: \$40,000 or 40,000 options.

FIREAFFAIRS.COM: 1 million unique visitors as measured by Google analytics: \$2,500 or 2,500 options.

TEACHERAFFAIRS.COM: 2,250,000 unique visitors as measured by Google analytics: \$7,500 or 7,500 options.

All incentive payments will be made within 30 days of each year-end period.

SELLER'S OBLIGATIONS

Seller agrees to keep working full-time on the websites: LEOAFFAIRS.COM, FIREAFFAIRS.COM, and TEACHERAFFAIRS.COM in a similar manner as he has in the past, putting in approximately the same hours and doing the same things during the 36-month management services period. Seller will make himself available for one hour each week for a telephone conference with Bright Mountain personnel at a mutually agreed upon time to discuss progress on growing the three websites traffic. The parties may also meet in person at mutually agreed upon locations approximately once every three months.

REPRESENTATIONS AND WARRANTIES BY THE SELLER

- a) The Seller has all necessary right, power and authorization to sign and perform all the obligations under this Agreement.
- b) The Seller has the exclusive ownership of the Websites and there are no current disputes or threat of disputes with any third party over the proprietary rights to the Websites.
- c) The execution and performance of this Agreement by the Seller will not constitute or result in a violation of any material agreement to which the Seller is a party.

ADDITIONAL DOCUMENTS

Seller agrees to cooperate with Purchaser and take any and all actions necessary to transfer and perfect the ownership of the Websites Registration and Hosting from Seller to Buyer, including providing all necessary passwords, usernames, and email addresses on the closing date and thereafter.

REVENUE HISTORY

The approximate average monthly revenue for the most recent 11 months for LEOAFFAIRS.COM, FIREAFFAIRS.COM, and TEACHERAFFAIRS.COM has been \$423.67.

NON COMPETE

Seller agrees not to compete with Bright Mountain, LLC in the web market for Law Enforcement audiences with sites similar to LEOAFFAIRS, FIREAFFAIRS, TEACHERAFFAIRS, and COMMUNITYAFFAIRS.COM for a period of five years after the closing date.

NOTICE

All notices required or permitted under this Agreement shall be deemed delivered when delivered in person or by mail, e-mail, postage prepaid, addressed to the appropriate party at the address shown for that party at the beginning of this Agreement.

ENTIRE AGREEMENT AND MODIFICATION

This Agreement constitutes the entire agreement between the parties. No modification or amendment of this Agreement shall be effective unless in writing and signed by both parties. This Agreement replaces any and all prior agreements between the parties.

INVALIDITY OR SEVERABILITY

If there is any conflict between any provision of this Agreement and any law, regulation or decree affecting this Agreement, the provision of this Agreement so affected shall be regarded as null and void and shall, where practicable, be curtailed and limited to the extent necessary to bring it within the requirements of such law, regulation or decree but otherwise it shall not render null and void other provisions of this Agreement.

GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of Florida.

Signed this 2nd day of January, 2014.

Seller: Dale B. "Chip" DeBlock

By: /s/ Dale B. "Chip" DeBlock

Buyer: Bright Mountain, LLC

By: /s/ Kip Speyer

Exhibit "A"

LEOAFFAIRS .COM
LEOAFFAIRS.NET
LEOAFFAIRS.INFO
LEOAFFAIRS.US
LEOAFFAIRS.BIZ
LEOAFFAIRS.MOBI
FIREAFFAIRS.COM
FIREAFFAIRS.NET
FIREAFFAIRS.ORG
TEACHERAFFAIRS.COM
TEACHERAFFAIRS.NET
TEACHERAFFAIRS.ORG
SCHOLARLYAFFAIRS.COM
SCHOLARLYAFFAIRS.NET
SCHOLARLYAFFAIRS.ORG
SOCRATICAFFAIRS.COM
SOCRATICAFFAIRS.NET
SOCRATICAFFAIRS.ORG
MYCOMMUNITYAFFAIRS.COM
MYCOMMUNITYAFFAIRS.NET
MYCOMMUNITYAFFAIRS.ORG

WEBSITE ASSET PURCHASE AND MANAGEMENT AGREEMENT

This Website Asset Purchase and Management Agreement (the “Agreement”) is made effective on this Second day of May, 2014, by and between FD Careers Incorporated, of 1733 Kay Road, Wheaton, IL 60187 (the “Seller”), and Bright Mountain, LLC of 6400 Congress Avenue, Suite 2250, Boca Raton, FL 33487 (the “Buyer”).

WEBSITES PURCHASE

Subject to the terms and conditions contained in this Agreement the Seller hereby sells and transfers to the Buyer any and all of Seller’s rights, title and interest in and to the Website www.fdcareers.com (The “Website”), the domains www.firehire.net, fdcarear.com, fdcarears.com and all of their contents including any intellectual property rights, The Facebook Social Media Page, The Twitter Social Media Page, logos, customer lists, email lists, passwords, usernames, all licenses and search files for Website Watcher (<http://aignes.com>).

PAYMENT TERMS

In consideration for the sale of the Website the Buyer agrees to pay the Seller the amount of Fifty Two Thousand Dollars (\$52,000 USD) at the May 2, 2014 closing for the websites plus Thirteen Thousand Dollars (\$13,000 USD) at the May 2, 2014 closing for management services and consulting fees. The management services and consulting fees constitutes payment for the Seller’s maintenance of the Website for the months of May 2014 (the “maintenance period”) and for training on use of <http://aignes.com> job search portal during June and July 2014, which Seller has licensing rights to and will be transferring said licensing rights to Buyer at closing. Seller will be paid as an independent contractor and no taxes withheld.

SELLER’S OBLIGATIONS

Seller agrees to keep working on the Website, www.fdcareers.com in a similar manner as he has in the past, putting in approximately the same hours and doing the same things during the one-month maintenance period. Further, during a two month period following the Seller agrees to train Bright Mountain, LLC staff on how to operate the site and on use of the <http://aignes.com> job search portal and answer any questions that they have. To train the staff, the seller agrees to be available by phone during the training period for up to 4 hours a week as necessary for the Buyer to learn the software and backend of the website.

REPRESENTATIONS AND WARRANTIES BY THE SELLER

- a) The Seller has all necessary right, power and authorization to sign and perform all the obligations under this Agreement.
- b) The Seller has the exclusive ownership of the Websites and there are no current disputes or threat of disputes with any third party over the proprietary rights to the Websites that the seller is aware of.
- c) The execution and performance of this Agreement by the Seller will not constitute or result in a violation of any material agreement to which the Seller is a party.
- d) Seller represents to Buyer there are no current disputes, pending litigations, or the threat of litigation with any third party over the proprietary rights or the operations of the Websites being purchased by Buyer from Seller.

INDEMNIFICATION

(a) Indemnification of the Buyer. The Seller, for a period of ninety (90) days after the Closing Date, agrees to indemnify the Buyer against any loss, cost, liability or expense (including, without limitation, costs and expenses of litigation and reasonable attorney's fees) incurred by the Buyer by reason of (a) any untrue representation or warranty or breach of any representation, warranty, covenant or agreement of the Seller contained in this Agreement, (b) the assertion against the Buyer, after the Closing Date, of any liability or obligation expressly assumed by the Seller in this Agreement, or (c) the Seller's breach, from and after the Closing Date, of any contract or agreement assigned by the Seller to the Buyer.

(b) Procedures for Claims. In the event Buyer is seeking indemnification pursuant to this Paragraph 5, Buyer shall provide written notice of any claim to the Seller within a reasonable period of time, but no later than seven (7) days of Buyer becoming aware of the existence of such claim. The Seller shall defend against or settle such claim as it sees fit.

ADDITIONAL DOCUMENTS

Subject to Seller receiving the Purchase Price and Consulting Fees on the Closing Date, Seller agrees to cooperate with Buyer and take any and all action necessary to transfer the ownership and licensing rights of the Websites from Seller to Buyer, including providing all necessary passwords and usernames on the Closing

Date and thereafter. Seller shall provide Buyer with all additional instruments and documents as the Buyer and Seller reasonably deem necessary to consummate the transaction in accordance with the terms contained in this Agreement.

REVENUE HISTORY

The approximate average monthly revenue for the twelve months April 2013 - March 2014 was \$3,533 per month.

NON COMPETE

The seller agrees not to compete for 2 years with The Bright.Com or FDCareers.com on any search, job notification or job placement services for firefighters and first responders.

NOTICE

All notices required or permitted under this Agreement shall be deemed delivered when delivered in person or by mail, e-mail, postage prepaid, addressed to the appropriate party at the address shown for that party at the beginning of this Agreement.

ENTIRE AGREEMENT AND MODIFICATION

This Agreement constitutes the entire agreement between the parties. No modification or amendment of this Agreement shall be effective unless in writing and signed by both parties. This Agreement replaces any and all prior agreements between the parties.

INVALIDITY OR SEVERABILITY

If there is any conflict between any provision of this Agreement and any law, regulation or decree affecting this Agreement, the provision of this Agreement so affected shall be regarded as null and void and shall, where practicable, be curtailed and limited to the extent necessary to bring it within the requirements of such law, regulation or decree but otherwise it shall not render null and void other provisions of this Agreement.

GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of Florida.

Signed this Second day of May, 2014.

Seller: FD Careers Incorporated

By: /s/ Robert Orr

Robert Orr, Its: President

Buyer: Bright Mountain, LLC

By: /s/ Kip Speyer

Kip Speyer, Its: President

EXHIBIT 31.1

Rule 13a-14(a)/15d-14(a) Certification

I, W. Kip Speyer, certify that:

1. I have reviewed this annual report on Form 10-Q for the period ended March 31, 2014 of Bright Mountain Holdings, Inc.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or 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.

May 13, 2014

/s/ W. Kip Speyer

W. Kip Speyer, Chief Executive Officer, principal executive officer

EXHIBIT 31.2

Rule 13a-14(a)/15d-14(a) Certification

I, Annette Casacci, certify that:

1. I have reviewed this annual report on Form 10-Q for the period ended March 31, 2014 of Bright Mountain Holdings, Inc.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or 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.

May 13, 2014

/s/ Annette Casacci

Annette Casacci, Chief Financial Officer, principal financial and accounting officer

EXHIBIT 32.1

Section 1350 Certification

In connection with the Quarterly Report of Bright Mountain Holdings, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2014 as filed with the Securities and Exchange Commission (the "Report"), I, W. Kip Speyer, Chief Executive Officer and Chief Financial Officer of the Company, and Annette Casacci, Chief Financial Officer of the Company, do each hereby certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and
2. The information contained in the Report fairly presents, in all material respects, the financial conditions and results of operations of the Company.

May 13, 2014

/s/ W. Kip Speyer

W. Kip Speyer, Chief Executive Officer, principal executive officer

May 13, 2014

/s/ Annette Casacci

Annette Casacci, Chief Financial Officer, principal financial and accounting officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signatures that appears in typed form within the electronic version of this written statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.