

U.S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

Quarterly Report Under
the Securities Exchange Act of 1934

For Quarter Ended: **June 30, 2016**

Commission File Number: **333-187554**

MOTIVATING THE MASSES, INC.

(Exact name of small business issuer as specified in its charter)

Nevada

(State of other jurisdiction of
incorporation)

88-0410660

(IRS Employer ID No.)

**5950 La Place Court, Suite 160
Carlsbad, California 92008**
(Address of principal executive offices)

(760) 931-9400

(Issuer's Telephone Number)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days: Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark 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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer (Do not check if a smaller reporting company)	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>

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

The number of shares of the registrant's only class of common stock issued and outstanding as of August 15, 2016 was 14,819,449 shares.

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PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

MOTIVATING THE MASSES, INC
CONDENSED BALANCE SHEETS

	(Unaudited)	(Audited)
	June 30,	December 31,
	2016	2015
<u>ASSETS</u>		
Current Assets:		
Cash	\$ 71,588	\$ 80,991
Accounts receivable, net	496,974	-
Other receivable	49	14,939
Total Current Assets	568,611	95,930
Property and equipment, net	21,037	25,810
Other Assets:		
Deposits	121,837	115,755
Total Other Assets	121,837	115,755
Total Assets	\$ 711,485	\$ 237,495
 <u>LIABILITIES AND STOCKHOLDERS' DEFICIT</u>		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 960,933	\$ 591,055
Deferred revenue	1,804,027	1,572,644
Line of credit	13,462	1,652
Total Current Liabilities	2,778,422	2,165,351
Total Liabilities	2,778,422	2,165,351
Stockholders' Deficit:		
Preferred Stock, \$0.001 Par value, 1,000,000 shares authorized, No shares issued and outstanding	-	-
Common Stock, \$0.001 Par value, 75,000,000 shares authorized 14,819,449 and 16,481,812 shares issued and outstanding, respectively	14,820	16,482
Stock subscription receivable	(27,100)	(27,100)
Additional paid in capital	2,138,228	2,967,747
Accumulated deficit	(4,192,885)	(4,884,986)
Total Stockholders' Deficit	(2,066,937)	(1,927,856)
Total Liabilities and Stockholders' Equity	\$ 711,485	\$ 237,495

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

MOTIVATING THE MASSES, INC.
STATEMENTS OF OPERATIONS
(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2016	2015	2016	2015
Revenues	\$ 1,252,455	\$ 1,300,677	\$ 2,560,634	\$ 2,172,474
Costs of services	670,849	519,357	1,272,140	816,751
Gross Margin	581,606	781,320	1,288,494	1,355,723
Operating Expenses:				
Bad debt	-	17,600	-	11,703
Consulting	128,296	162,326	279,221	332,251
General and administrative	158,218	157,032	308,761	278,008
Professional fees	111,940	71,795	174,553	113,055
Wages and other compensation	279,317	287,886	583,708	537,445
Total Operating Expenses	676,771	696,639	1,346,243	1,272,462
Income (Loss) from Operations	(95,165)	84,681	(57,749)	83,261
Net Income (Loss) Before Income Taxes	(95,165)	84,681	(57,749)	83,261
Provision for Income Taxes	-	-	-	-
Net Income (Loss)	\$ (95,165)	\$ 84,681	\$ (57,749)	\$ 83,261
Net Income (Loss) per Share - Basic and Diluted	\$ (0.00)	\$ 0.00	\$ (0.00)	\$ 0.00
Weighted average number of shares outstanding - Basic and Diluted	15,876,077	16,320,216	16,162,450	15,979,407

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

MOTIVATING THE MASSES, INC.
CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)

For the Six Months Ended
June 30,

	2016	2015
OPERATING ACTIVITIES:		
Net income (loss) for the Period	\$ (57,749)	\$ 83,261
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	6,037	7,022
Changes in operating assets and liabilities		
Accounts receivables	(496,974)	10,597
Other receivable	14,888	47,001
Prepaid expenses	-	56,481
Deferred revenue	231,383	101,383
Deposits	(6,082)	39,790
Accounts payable & accrued expenses	369,878	(95,488)
Net cash provided by operating activities	61,381	250,047
INVESTING ACTIVITIES:		
Purchase of property and equipment	(1,264)	(6,639)
Net cash used in investing activities	(1,264)	(6,639)
FINANCING ACTIVITIES:		
Proceeds from line of credit	16,962	49,123
Repayments on line of credit	(5,151)	(52,083)
Common stock issued for cash	-	11,000
Stock repurchase	(81,331)	-
Net cash provided by (used in) financing activities	(69,520)	8,040
Net Increase (Decrease) in Cash	(9,403)	251,448
Cash at beginning of period	80,991	13,210
Cash at end of period	\$71,588	264,658

Cash paid during period:

Interest	\$	-	\$	-
Franchise and income taxes	\$	-	\$	-
Loyalty stock dividends	\$	5,049	\$	348,444

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

MOTIVATING THE MASSES, INC.
Notes to Unaudited Condensed Financial Statements

NOTE 1 - ORGANIZATION AND DESCRIPTION OF BUSINESS

Motivating the Masses, Inc. (the “Company”) was incorporated under the laws of the state of Nevada on September 2, 1998. Lisa S. Nichols founded the Company for the purpose of providing high quality resources for business coaching, and professional and management development techniques both on the local and national scale.

The Company’s products and services revolve around the personal life-coaching program written and developed by its CEO Lisa Nichols. The program sells as a package of books and DVD’s at the Company’s local and national training seminars, and on the Company’s website. The Company has contract rights to the sales of the product. The Company, through its CEO and a core team of coaches, also provides training and development programs through local and national seminars, on-site employee training, public and private speaking engagements, and customized life-coaching programs.

In February of 2013, the Company amended its Articles of Incorporation to provide for an increase in its authorized share capital. The authorized common stock increased to 75,000,000 shares at a par value of \$0.001 per share.

NOTE 2 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These unaudited condensed interim financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information and the instructions to Form 10-Q and Article 8 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments of a normal recurring nature and considered necessary for a fair presentation of its financial condition and results of operations for the interim periods presented in this Quarterly Report on Form 10-Q have been included. Operating results for the interim periods are not necessarily indicative of financial results for the full year. These unaudited condensed interim financial statements should be read in conjunction with the audited financial statements and notes thereto included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2015 filed with the Securities and Exchange Commission (“SEC”) on April 18, 2016. In preparing these unaudited condensed interim financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the unaudited condensed interim financial statements and the reported amount of revenues and expenses during the reporting periods.

Use of estimates

The preparation of unaudited condensed interim financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited condensed interim financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates. Such estimates include management’s assessments of the carrying value of certain assets, useful lives of assets, and related depreciation and amortization methods applied.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and accounts receivable. During the six months period ended June 30, 2016, the Company may have had cash deposits that exceeded Federal Deposit Insurance Corporation (“FDIC”) insurance limits. The Company maintains its cash balances at high quality financial institutions to mitigate this risk. The Company performs ongoing credit evaluations of its customers and generally does not require collateral. The Company records an allowance for doubtful accounts in accordance with the procedures discussed below. Past-due amounts are written off against the allowance for doubtful accounts when collections are believed to be unlikely and all collection efforts have ceased.

Cash and cash equivalents

The Company considers all highly liquid investments with an original maturity of 90 days or less when purchased to be cash equivalents. As of June 30, 2016 and December 31, 2015, the Company had no cash equivalents.

Fair value of financial instruments

MOTIVATING THE MASSES, INC.
Notes to Unaudited Condensed Financial Statements

The Company adopted the provisions of FASB ASC 820 (the “Fair Value Topic”) which defines fair value, establishes a framework for measuring fair value under GAAP, and expands disclosures about fair value measurements.

The Fair Value Topic defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. It requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. It also establishes a fair value hierarchy, which prioritizes the valuation inputs into six broad levels.

The following fair value hierarchy is used to classify assets and liabilities based on the observable inputs and unobservable inputs used in order to value the assets and liabilities:

A) Market approach—Uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. Prices may be indicated by pricing guides, sale transactions, market trades, or other sources;

B) Cost approach—Based on the amount that currently would be required to replace the service capacity of an asset (replacement cost); and

C) Income approach—Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts (includes present value techniques, and option-pricing models). Net present value is an income approach where a stream of expected cash flows is discounted at an appropriate market interest rate.

Level 1: Quoted market prices available in active markets for identical assets or liabilities as of the reporting date. An active market for an asset or liability is a market in which transactions for the asset or liability occur with significant frequency and volume to provide pricing information on an ongoing basis.

Level 2: Observable inputs other than Level 1 inputs. Example of Level 2 inputs include quoted prices in active markets for similar assets or liabilities and quoted prices for identical assets or liabilities in markets that are not active.

Level 3: Unobservable inputs based on the Company’s assessment of the assumptions that are market participants would use in pricing the asset or liability.

The carrying amount of the Company’s financial assets and liabilities, such as cash, accounts payable, accrued expenses, and deferred revenue approximate their fair value because of the short maturity of those instruments.

The Company had no assets and/or liabilities measured at fair value on a recurring basis at June 30, 2016 and December 31, 2015, respectively, using the market and income approaches.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable related to the products and services sold are recorded at the time revenue is recognized, and are presented on the balance sheet net of allowance for doubtful accounts. The ultimate collection of the receivable may not be known for several months after services have been provided and billed.

Property and Equipment

Property and equipment are recorded at cost. Expenditures for major additions and betterments are capitalized. Maintenance and repairs are charged to operations as incurred. Depreciation is computed by the straight-line method over the assets estimated useful life of three (3) years for equipment, five (5) years for automobile, and seven (7) years for furniture and fixtures. Upon sale or retirement of property and equipment, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is reflected in statements of operations.

Impairment of long-lived assets

MOTIVATING THE MASSES, INC.
Notes to Unaudited Condensed Financial Statements

The Company follows paragraph ASC350 of the FASB Accounting Standards Codification for its long-lived assets. The Company's long-lived assets, such as intellectual property, are required to be reviewed for impairment annually, or whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable.

The Company assesses the recoverability of its long-lived assets by comparing the projected undiscounted net cash flows associated with the related long-lived asset or group of long-lived assets over their remaining estimated useful lives against their respective carrying amounts. Impairment, if any, is based on the excess of the carrying amount over the fair value of those assets. Fair value is generally determined using the asset's expected future discounted cash flows or market value, if readily determinable. If long-lived assets are determined to be recoverable, but the newly determined remaining estimated useful lives are shorter than originally estimated, the net book values of the long-lived assets are depreciated over the newly determined remaining estimated useful lives.

The Company determined that there were no impairments of long-lived assets as of June 30, 2016 and December 31, 2015.

Commitments and contingencies

The Company follows subtopic 450-20 of the FASB Accounting Standards Codification to report accounting for contingencies. Liabilities for loss contingencies arising from claims, assessments, litigation, fines and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount of the assessment can be reasonably estimated.

Revenue recognition

The Company follows paragraph 605-10-S99-1 of the FASB Accounting Standards Codification for revenue recognition. The Company will recognize revenue when it is realized or realizable and earned. The Company considers revenue realized or realizable and earned when all of the following criteria are met: (i) persuasive evidence of an arrangement exists, (ii) the product has been shipped or the services have been rendered to the customer, (iii) the sales price is fixed or determinable, and (iv) collectability is reasonably assured. In addition, the Company records allowances for accounts receivable that are estimated to not be collected.

A portion of the Company's revenues are from coaching and/or training services provided under contracts that are greater than one month in length. These contracts are billed in total at the onset of the contract period, and to the extent that billings exceed revenue earned, the Company will record such amount as deferred revenue until the revenue is earned. We recognize revenue on these contracts in the period the coaching and/or training services are provided under the contract. Expenses associated with providing the coaching and/or training services are recognized in the period the services are provided which coincides with when the revenue is earned.

Income taxes

The Company follows Section 740-10-30 of the FASB Accounting Standards Codification, which requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are based on the differences between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the fiscal year in which the temporary differences are expected to be recovered or settled. Deferred tax assets are reduced by a valuation allowance to the extent management concludes it is more likely than not that the assets will not be realized. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The Company adopted section 740-10-25 of the FASB Accounting Standards Codification ("Section 740-10-25") with regards to uncertainty in income taxes. Section 740-10-25 addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under Section 740-10-25, the Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than fifty percent (50%) likelihood of being realized upon ultimate settlement. Section 740-10-25 also provides guidance on de-recognition, classification, interest and penalties on income taxes, accounting in interim periods and requires increased disclosures. The Company had no material adjustments to its assets and/or liabilities for unrecognized income tax benefits according to the provisions of Section 740-10-25.

Stock-Based Compensation

MOTIVATING THE MASSES, INC.
Notes to Unaudited Condensed Financial Statements

In December 2004, the FASB issued FASB Accounting Standards Codification No. 718, *Compensation – Stock Compensation*. Under FASB Accounting Standards Codification No. 718, companies are required to measure the compensation costs of share-based compensation arrangements based on the grant-date fair value and recognize the costs in the financial statements over the period during which employees are required to provide services. Share-based compensation arrangements include stock options, restricted share plans, performance-based awards, share appreciation rights and employee share purchase plans. As such, compensation cost is measured on the date of grant at their fair value. Such compensation amounts, if any, are amortized over the respective vesting periods of the option grant. The Company applies this statement prospectively.

Equity instruments (“instruments”) issued to other than employees are recorded on the basis of the fair value of the instruments, as required by FASB Accounting Standards Codification No. 718. FASB Accounting Standards Codification No. 505, *Equity Based Payments to Non-Employees* defines the measurement date and recognition period for such instruments. In general, the measurement date is when either a (a) performance commitment, as defined, is reached; or (b) the earlier of (i) the non-employee performance is complete, or (ii) the instruments are vested. The measured value related to the instruments is recognized over a period based on the facts and circumstances of each particular grant as defined in the FASB Accounting Standards Codification.

Net income (loss) per share

The Company computes basic and diluted earnings per share amounts pursuant to section 260-10-45 of the FASB Accounting Standards Codification. Basic earnings per share is computed by dividing net income (loss) available to common shareholders, by the weighted average number of shares of common stock outstanding during the period, excluding the effects of any potentially dilutive securities. Diluted earnings per share are computed by dividing net income (loss) available to common shareholders by the diluted weighted average number of shares of common stock during the period. The diluted weighted average number of common shares outstanding is the basic weighted number of shares adjusted as of the first day of the year for any potentially diluted debt or equity.

There were no potentially dilutive shares outstanding as of June 30, 2016 and December 31, 2015.

Subsequent events

The Company follows the guidance in Section 855-10-50 of the FASB Accounting Standards Codification for the disclosure of subsequent events. No material subsequent events exist through the date of this filing.

Recently issued accounting pronouncements

We have decided to take advantage of the exemptions provided to emerging growth companies under the JOBS Act and as a result our financial statements may not be comparable to companies that comply with public company effective dates. We may take advantage of exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, including not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, delay compliance with new or revised accounting standards that have different effective dates for public and private companies until they are made applicable to private companies.

Company management does not believe that any other recently issued, but not yet effective accounting pronouncements, if adopted, would have a material effect on the accompanying unaudited condensed financial statements.

NOTE 3 - GOING CONCERN

These unaudited condensed financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. The Company's ability to continue as a going concern is contingent upon its ability to achieve and maintain profitable operations, and the Company's ability to raise additional capital as required.

These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management has taken certain actions and continues to implement changes designed to improve the Company's consolidated financial results and operating cash flows. The actions involve certain cost-saving initiatives and growing strategies, including (a) product expansion, (b) optimizing online sales, and (c) maximizing media opportunities. Management believes that these actions will enable the Company to improve future profitability and cash flow in its continuing operations through December 31, 2016. As a result, these unaudited condensed

MOTIVATING THE MASSES, INC.
Notes to Unaudited Condensed Financial Statements

financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or amounts and classification of liabilities that might result from this uncertainty.

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2016 and December 31, 2015 consisted of the following:

	June 30, 2016	December 31, 2015
Accounts receivable	\$ 496,974	\$ -

For the six months ended June 30, 2016, and for the same period in 2015 the Company did not record a bad debt expense.

NOTE 5 – PROPERTY AND EQUIPMENT

Fixed assets, stated at cost, less accumulated depreciation at June 30, 2016 and December 31, 2015, consisted of the following:

	June 30, 2016	December 31, 2015
Equipment	\$ 62,577	\$ 60,073
Furniture & Fixtures	24,670	25,910
Less: Accumulated Depreciation	(66,210)	(60,172)
Net Fixed Assets	\$ 21,037	\$ 25,810

Depreciation expense

Depreciation expense for the six months ended June 30, 2016 and June 30, 2015 was \$6,037 and \$7,022, respectively.

NOTE 6 – DEFERRED REVENUES

A portion of the Company's revenues are from coaching and/or training services provided under contracts that are greater than one month in length. These contracts are billed in total at the onset of the contact period, and to the extent that billings exceed revenue earned, the Company will record such amount as deferred revenue until the revenue is earned. We recognize revenue on these contracts in the period the coaching and/or training services are provided under the contract. Expenses associated with providing the coaching and/or training services are recognized in the period the services are provided which coincides with when the revenue is earned.

As of June 30, 2016 and December 31, 2015, the Company had deferred revenues balance of \$1,804,027 and \$1,572,644, respectively.

NOTE 7 – COMMITMENTS & CONTINGENCIES

Employment Agreement

On May 1, 2016, the Company executed employment agreements with Lisa Nichols, Chief Executive Officer, and Susie Carder, Chief Operating, who also serve on the Company's Board of Directors. Each employment agreement is for one year starting January 1, 2016. Pursuant to their employment agreements, Ms. Nichols shall receive an annual salary of \$225,000 and Ms. Carder an annual salary of \$200,000. On October 12, 2015, the Company entered into an employment agreement with Scott Ryder as the Company's Chief Financial Officer. Pursuant to his employment agreement, Mr. Ryder receives an annual salary of \$150,000. The employment agreements for the officers stipulate a potential bonus at the discretion of the Board of Directors. In the three months ended June 30, 2016, the Company did not pay any bonuses to its officers.

Lease

The Company currently occupies office space at 5950 La Place Court, Carlsbad, California. In July of 2016, the Company signed a sixty-five (65) calendar month lease for the office space starting July 25, 2016, for \$13,347 a month for the first year, \$13,748 a month for the second year, \$14,160 a month for the third year, \$14,586 a month for the fourth year, \$15,022 a month for the fifth year, and \$15,473 for months 61 to 65. For months two (2) through eleven (11), the rent shall be abated in the amount of \$6,674.

MOTIVATING THE MASSES, INC.
Notes to Unaudited Condensed Financial Statements

NOTE 8 – RELATED PARTY TRANSACTIONS

Employment Agreements

On May 1, 2016, the Company executed employment agreements with its three officers, two of whom also make up the Board of Directors. Further details are described in Note 7.

NOTE 9 – STOCKHOLDERS' EQUITY

Common and Preferred Shares authorized

The Company was incorporated on September 2, 1998, at which time the Company authorized 3,000,000 shares of common stock with \$0.001 par value and 1,000,000 shares of preferred stock with \$0.001 par value.

Preferred Stock - There are 1,000,000 shares of authorized preferred stock, par value \$0.001 per share, with no shares of preferred stock issued or outstanding.

Common Stock - There are 75,000,000 shares of authorized common stock, par value \$0.001 per share, with 14,819,449 and 16,481,812 issued and outstanding as of June 30, 2016 and December 31, 2015, respectively. Each holder of common stock is entitled to one vote for each share held. During the six month period ended June 30, 2016, the Company issued 5,049 shares as a stock dividend to current shareholders as loyalty shares based on their investment on March 31, 2015 at fair value, repurchased 167,412 shares of its common stock, and 1,500,000 shares were returned that were originally issued for services rendered.

PART I.

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

The following discussion should be read in conjunction with our consolidated financial statements and notes thereto included herein. In connection with, and because we desire to take advantage of, the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, we caution readers regarding certain forward looking statements in the following discussion and elsewhere in this report and in any other statement made by, or on our behalf, whether or not in future filings with the Securities and Exchange Commission (the "SEC"). Forward looking statements are statements not based on historical information and which relate to future operations, strategies, financial results or other developments. Forward looking statements are necessarily based upon estimates and assumptions that are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control and many of which, with respect to future business decisions, are subject to change. These uncertainties and contingencies can affect actual results and could cause actual results to differ materially from those expressed in any forward looking statements made by, or on our behalf. We disclaim any obligation to update forward looking statements.

OVERVIEW AND HISTORY

Motivating the Masses, Inc. (we, us, our, or the "Company") was incorporated in the State of Nevada on September 2, 1998 to engage in providing top-quality professional development and coaching services to its clientele. The Company's products and services revolve around the personal and business-coaching programs written and developed by its CEO Lisa Nichols. The program sells as a package of books and DVD's at its local and national training seminars, and on the Company's website. The Company has contract rights to the sales of the product. The Company, through its CEO and a core team of coaches, also provides training and development programs through local and national seminars, on-site employee training, public and private speaking engagements, and customized life-coaching programs.

We qualify as an "emerging growth company" under the JOBS Act. As a result, we are permitted to, and intend to, rely on exemptions from certain disclosure requirements. For so long as we are an emerging growth company, we will not be required to:

- have an auditor report on our internal controls over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act;
- comply with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements (i.e., an auditor discussion and analysis);
- submit certain executive compensation matters to shareholder advisory votes, such as "say-on-pay" and "say-on-frequency;" and
- disclose certain executive compensation related items such as the correlation between executive compensation and performance and comparisons of the CEO's compensation to median employee compensation.

In addition, Section 107 of the JOBS Act also provides that an emerging growth company can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. In other words, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected to take advantage of the benefits of this extended transition period. Our financial statements may therefore not be comparable to those of companies that comply with such new or revised accounting standards.

We will remain an "emerging growth company" for up to five years, or until the earliest of (i) the last day of the first fiscal year in which our total annual gross revenues exceed \$1 billion, (ii) the date that we become a "large accelerated filer" as defined in Rule 12b-2 under the Securities Exchange Act of 1934, which would occur if the market value of our ordinary shares that is held by non-affiliates exceeds \$700 million as of the last business day of our most recently completed second fiscal quarter or (iii) the date on which we have issued more than \$1 billion in non-convertible debt during the preceding three year period.

We also qualify as a smaller reporting company under Rule 12b-2 of the Securities Exchange Act of 1934, as amended. As a smaller reporting company and so long as we remain a smaller reporting company, we benefit from similar exemptions and exclusions

as an emerging growth company. In the event that we cease to be an emerging growth company as a result of a lapse of the five-year period, but continue to be a smaller reporting company, we would continue to be subject to similar exemptions available to emerging growth company until such time as we were no longer a smaller reporting company.

Our principal place of business is located at 5950 La Place Court, Carlsbad, California 92008. Our phone number is 760-931-9400.

We have not been subject to any bankruptcy, receivership or similar proceeding.

Results of Operations

Revenues

Revenues for the three months ended June 30, 2016 were \$1,252,455 compared to \$1,300,677 for the three months ended June 30, 2015, which was a decrease of \$48,222 or 4%. The decrease in revenues was mainly due to a decline in revenue from Motivating the Teen Spirit revenue and VIP days.

Revenues for the six months ended June 30, 2016 were \$2,560,634 compared to \$2,172,474 for the six months ended June 30, 2015, which was an increase of \$388,160 or 18%. The increase in revenues was mainly due to the addition of two *Abundance Now* Events, which were held in January and February of 2016 and collectively brought in \$595,000 in new sales, and the company's newest training program *14K Club*, which produced \$387,735 in new sales.

Cost of Revenues

The gross margin for the three months ended June 30, 2016 was 46% of sales compared to 60% for the three months ended June 30, 2015. The decrease in gross margin was primarily due to the coaching commissions paid for the *14K Club*, which averaged 44% of the program's price versus 25% for the Company's other training programs

The gross margin for the six months ended June 30, 2016 was 50% of sales compared to 62% for the six months ended June 30, 2015. The decrease in gross margin was primarily due to the Company not charging an admittance fee for either of its *Abundance Now* events, and the higher than average coaching commissions paid for the *14K Club*. Admission to the *Abundance Now* event was free if the attendee brought a copy of Lisa Nichols' *Abundance Now* Book or purchased a book at the event.

Operating Activities

Total operating loss for the three months ended June 30, 2016 was \$95,165 as compared to operating income of \$84,681 for the three months ended June 30, 2015, which was a decline of \$179,846. The reason for the decline was mainly due to the increase in costs of goods sold relative to revenue. Total operating loss for the six months ended June 30, 2016 was \$57,749 as compared to operating income of \$83,261 for the six months ended June 30, 2015, which was a decrease of \$141,010. The reason for the decline was mainly due to the increase in costs of goods sold relative to revenue.

Consulting expense was \$128,296 for the three months ended June 30, 2016 as compared to \$162,326 for the three months ended June 30, 2015, resulting in a decrease of \$34,030. The decrease was primarily due to a more effective use of consultants year over year. Consulting expense was \$279,221 for the six months ended June 30, 2016 as compared to \$332,251 for the six months ended June 30, 2015, resulting in a decrease of \$53,030. The decrease was primarily due to a decrease in the use of consultants.

Professional fees were \$111,940 for the three months ended June 30, 2016 as compared to \$71,795 for the three months ended June 30, 2015, resulting in an increase of \$40,145. The increase was primarily due to added legal expenses associated with the Company's filing of Annual report on Form 10-K, the Company's annual investor meeting and the 2015 audit. Professional fees were \$174,553 for the six months ended June 30, 2016 as compared to \$113,055 for the six months ended June 30, 2015, resulting in an increase of \$61,498. The increase was primarily due to added legal expenses associated with the 10K filing, the Company's annual investor meeting and the 2015 audit.

General and administrative expenses were \$158,218 for the three months ended June 30, 2016 as compared to \$157,032 for the three months ended June 30, 2015, resulting in an increase of \$1,186. The increase was primarily due to an increase in the Company's healthcare insurance premiums. General and administrative expenses were \$308,761 for the six months ended June 30, 2016 as compared to \$278,008 for the six months ended June 30, 2015, resulting in an increase of \$30,753. The increase was primarily due to

an increase in the Company's healthcare insurance premiums, costs associated with the annual investor meeting and advanced costs associated with the office relocation.

Wages and other compensation were \$279,317 for the three months ended June 30, 2016 as compared to \$287,886 for the three months ended June 30, 2015, resulting in a decrease of \$8,569. The company saved money through improved efficiencies related to headcount. Wages and other compensation were \$583,708 for the six months ended June 30, 2016 as compared to \$537,445 for the six months ended June 30, 2015, resulting in an increase of \$46,263. The increase was primarily due to increased personnel costs in the first quarter relating to the company's 401K plan.

Liquidity and Capital Resources

Our cash balance was \$71,588 as of June 30, 2016 as compared to \$80,991 as of December 31, 2015.

As of June 30, 2016, total current assets were \$568,611 compared to \$95,930 at December 31 2015. The increase of \$472,681 in current assets is mainly a result of an increase in its accounts receivable on new sales in 2016.

As of June 30, 2016, total current liabilities were \$2,778,422 as compared to \$2,165,351 on December 31, 2015. The increase in our current liabilities is mainly due to the increase in deferred revenue associated with new sales in 2016.

During the six months ended June 30, 2016, net cash provided by operating activities was \$61,381 consisting of a \$496,974 increase in accounts receivable, \$14,888 decrease in other receivables, \$231,383 decline in deferred revenues, \$6,082 increase in deposits and \$369,878 increase in accounts payable.

Net cash used in investing activities for the six months ended June 30, 2016 was \$1,264.

Net cash used from financing activities for the six months ended June 30, 2016, was \$69,520 consisting primarily of the repurchase of common shares for \$81,331.

The Company's management is reviewing new ways to cut costs and increase revenues so they can increase operational efficiency in the future. The Company is in the process of restructuring its compensation plan in a way to reduce cash expense while incentivizing increased sales. The Company's 2016 Equity Incentive Plan (the "2016 Plan", filed as Exhibit A to its Definitive Information Statement on Schedule 14C filed with the SEC on April 29, 2016) was adopted by the Board of Directors on April 26, 2016 and approved by its shareholders holding a majority of the Company's shares of Common Stock via written consent on April 26, 2016. The Company plans to increase the utilization of their website with users and have increased material that will be sold online in the form of instructional videos and webinars that will incrementally increase revenues without increasing costs. The costs are being incurred now through the creation of the technology but the revenues will be realized in the years to come with very minimal costs in the form of website hosting and video hosting.

Because we are currently subject to the reporting requirements of the Exchange Act of 1934, we expect that we will incur ongoing expenses associated with professional fees for accounting, legal and other expenses for annual reports and proxy statements. We estimate that these costs could range up to \$250,000 per year for the next few years and will be higher if our business volume and activity increases.

Inflation

Although our operations are influenced by general economic conditions, we do not believe that inflation had a material effect on our results of operations during the three-month period ended June 30, 2016.

Critical Accounting Estimates

The discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with GAAP. The preparation of these financial statements requires us to make estimates and judgments that affect the amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, we evaluate our estimates based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. Note 2 above represents a summary of our critical accounting policies, defined as those policies that we believe are the most important to the portrayal of our financial condition and results of operations and that require management's most

difficult, subjective or complex judgments, often as a result of the need to make estimates about the effects of matters that are inherently uncertain.

Off-Balance Sheet Arrangements

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 is material to investors.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

We are a smaller reporting company and are not required to provide the information under this item pursuant to Regulation S-K.

ITEM 4. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

Management maintains “disclosure controls and procedures,” as such term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 (the “Exchange Act”), that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms, and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

In connection with the preparation of this quarterly report on Form 10-Q, an evaluation was carried out by management, with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of June 30, 2016.

Based on that evaluation, management concluded, that our disclosure controls and procedures were ineffective as of June 30, 2016 in recording, processing, summarizing, and reporting information required to be disclosed, within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Controls over Financial Reporting

As of the end of the period covered by this report, there have been no changes in the internal controls over financial reporting that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting subsequent to the date of management’s last evaluation.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

We are not currently a party to any legal proceeding, nor are we aware of any threatened actions.

Item 1A. Risk Factors

As a smaller reporting company, we are not required to provide the information required by this Item.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults upon Senior Securities

None.

Item 5. Other Information

None.

Item 6. Exhibits

The following exhibits are included and filed with this report.

Exhibit	Exhibit Description
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Definition
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 principal financial and accounting officer
32.1	Section 1350 certification of Chief Executive Officer
32.2	Section 1350 certification of principal financial and accounting officer

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized on August 15, 2016.

MOTIVATING THE MASSES, INC.

By: s/ Lisa Nichols

Lisa Nichols, Chief Executive Officer (Principal Executive Officer)

By: s/ Scott Ryder

Scott Ryder, Chief Financial Officer (Principal Accounting Officer and Principal Financial Officer)

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Lisa Nichols, certify that:

1. I have reviewed this Form 10-Q of Motivating the Masses, 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 present 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 principals;
 - (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 involved management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 15, 2016

By: /s/ Lisa Nichols
Lisa Nichols, Chief Executive Officer (Principal Executive Officer)

Exhibit 31.2

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Scott Ryder, certify that:

1. I have reviewed this Form 10-Q of Motivating the Masses, 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 present 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 13-a-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 principals;

(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 involved management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 15, 2016

By: /s/ Scott Ryder
Scott Ryder, Chief Financial Officer (Principal Financial Officer)

Exhibit 32.1

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

In connection with the accompanying Quarterly Report on Form 10-Q of Motivating the Masses, Inc. (the "Company") for the fiscal quarter ending June 30, 2016, I, Lisa Nichols, Chief Executive Officer of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge and belief, that:

1. Such Quarterly Report on Form 10-Q for the fiscal quarter ending June 30, 2016, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in such Quarterly Report on Form 10-Q for the fiscal quarter ending June 30, 2016, fairly presents, in all material respects, the financial condition and results of operations of Motivating the Masses, Inc.

August 15, 2016

By: /s/ Lisa Nichols
Lisa Nichols, Chief Executive Officer (Principal Executive Officer)

Exhibit 32.2

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

In connection with the accompanying Quarterly Report on Form 10-Q of Motivating the Masses, Inc. (the "Company") for the fiscal quarter ending June 30, 2016, I, Scott Ryder, Chief Financial Officer of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge and belief, that:

1. Such Quarterly Report on Form 10-Q for the fiscal quarter ending June 30, 2016, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in such Quarterly Report on Form 10-Q for the fiscal quarter ending June 30, 2016, fairly presents, in all material respects, the financial condition and results of operations of Motivating the Masses, Inc.

August 15, 2016

By: /s/ Scott Ryder
Scott Ryder, Chief Financial Officer (Principal Financial Officer)