SECURITIES & EXCHANGE COMMISSION EDGAR FILING

DarkPulse, Inc.

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

FORM 10-K

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2013
OR
o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from _________ to _________

Commission file number: 0-18834

Klever Marketing, Inc.
(Exact Name of Registrant as Specified in its Charter)

Delaware	**36-3688583**
(State of other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1100 East 6600 South **Suite 305** **Salt Lake City, UT**	**84121**
(Address of Principal Executive Offices)	(Zip Code)

(801) 847 6444
(Registrant's Telephone Number, including Area Code)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT: **None**

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: **Common Stock, par value $.01 per share**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes o No x

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

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 past 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 x No o

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

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

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 o No x

The aggregate market value of the registrant's common stock owned by non-affiliates, based on the closing price of $0.10 as quoted on the OTCBB, on June 30, 2013, is $3,259,185. For purposes of this computation all officers, directors and 5% beneficial owners of the registrant are deemed to be affiliates. Such determination should not be deemed an admission that such officers, directors and beneficial owners are, in fact, affiliates of the registrant. The number of common shares held by non-affiliates of the Registrant totaled 32,591,185.

As of March 13, 2014, there were 51,803,124 common shares issued and outstanding.

Transitional Small Business Disclosure Format (Check one): Yes o No x
Check whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x

TABLE OF CONTENTS

FORWARD-LOOKING STATEMENTS

This annual report on Form 10-K for Klever Marketing, Inc. ("Klever" or the "Company") and the exhibits attached hereto contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward looking statements concern the Company's anticipated results and developments in the Company's operations in future periods, planned development of the Company's technology, plans related to its business and other matters that may occur in the future. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management. Such forward-looking statements include, among others, those statements including the words "expects", "anticipates", "intends", "believes" and similar language. Our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause or contribute to such differences include, but are not limited to, those discussed in the section "Risk Factors." We undertake no obligation to publicly release any revisions to the forward-looking statements or reflect events or circumstances after the date of this report.

Although we believe that the expectations reflected in these forward-looking statements are based on reasonable assumptions, there are a number of risks and uncertainties that could cause actual results to differ materially from such forward-looking statements. These factors include among others:

- Our ability to raise sufficient capital to fund the development of our technology and continue to fund operating expenses;
- Our ability to get our technology to work in accordance with our technical specifications;
- Our ability to attract customers to our products once they are developed;
- Our ability to attract and retain the necessary personnel with the expertise needed to ensure that we can operate the
- Company effectively.
- Actions or inactions of third-party contractors and vendors;
- Our ability to successfully patent and protect our intellectual property.
- The potential that our competitors will get their products to market ahead of us.
- General economic conditions.

This list is not exhaustive of the factors that may affect our forward-looking statements. Some of the important risks and uncertainties that could affect forward-looking statements are described further under the sections titled "Description of the Business", "Risk Factors and Uncertainties", and "Management's Discussion and Analysis". Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, believed, estimated or expected. We caution readers not to place undue reliance on any such forward-looking statements, which speak only as of the date made. We disclaim any obligation subsequently to revise any forward-looking statements to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events.

We qualify all the forward-looking statements contained in this annual report on Form 10-K by the foregoing cautionary statements.

PART I

ITEM 1. DESCRIPTION OF THE BUSINESS

General

Klever Marketing, Inc. was formed for the purpose of creating a vehicle to obtain capital, to file and acquire patents, to seek out, investigate, develop, and market electronic in-store advertising, directory and coupon services which have potential for profit. The Company successfully conducted two in-store demonstrations of its shopping cart technology – the latest being in 2009 with the release of the Giving Cart and its Retailer Chime-Time Awards Programs. Subsequently, in 2010, the Company shifted its business model to mobile technology and has aggressively developed new applications using this technology, which it expects to market and release in the near future. The Company is currently testing its mobile technology in a pilot store in Anaheim, California.

Product Base

Following a decade of development of its shopping cart-based electronic advertising technology, which was successful in demonstrating the advantages of electronic distribution and redemption of electronic coupons and promotions, the Company realized that mobile technology had advanced to the level where Klever's product base could be applied and considerably expanded into an entirely new product line. Accordingly, in 2010, the Company made a dramatic shift into mobile technology. Since that time the Company has made remarkable progress on its mobile application development and implementation. The software programming of the consumer KleverShop® application has been completed and successfully tested in our- demonstration store. The retailer and supplier KleverDash® application has completed its database and backend programming, complete with an revised graphical user interface, and successfully tested in our demonstration store.

Brief History of Klever's Mobile Operations

At the end of 2010 the Company hired an independent consultant to review the prospect of shifting Klever's shopping cart software system to mobile operations. The consultant's study determined not only the timing as being now but also the feasibility of greatly expanding the Company's software capability with mobile applications and the benefits of coupling of our products with new social network marketing technology. The first half of 2011 was spent defining the new mobile shopping system requirements and patentable processes. During the second half of the year, a contract was signed for mobile application development and work began. During 2012, the KleverShop, KleverDash and backend KleverKloud systems were developed by Qualzoom, a US company with US trained staff working overseas. During 2012, the software systems were successfully developed and tested in a retail store at yearend. During 2012, the software systems were successfully developed. Testing was conducted in our demonstration retail store at yearend and drew repeated interest and high appeal from our potential retail customers and consuming public.

The software development was successful enough that Klever realized further enhancements could be added to make it even more valuable and greater focus could be placed on the screen graphics and ease of use. Accordingly, the company undertook additional software development in 2013.

2013 Mobile Application Development and Implementation

The Company's 2013 software development has been very successful. At the beginning of the year, as the Company took an expanded look at the potential of a total digital solution, it became clear that further software development could result in a significant separation from our competitors who were starting to release other grocery applications. The Company saw that other solutions were being quickly released on the market without really solving the need to interact with a store's POS system and efficiently select, redeem and clear coupons. In fact many solutions on the market today still require printing of digital coupons, which to us offers no consumer advantage over current practices, and other users were taking pictures of existing coupons which raise the issue of authenticity. The Company still saw a limited ability among the competition to properly transact coupons.

Accordingly, with some concern from stockholders who wanted us to rollout the product now, we undertook additional development efforts and a refreshed and simplified look of the actual KleverShop consumer application - all the while protecting the Company with additional patent claims. Having looked at other partially developed applications and knowing the importance of first impressions with new software, the Company was well aware of the risks of rolling out its software too soon. The Company proceeded to develop a unique and patent protected method of interacting with the Store's POS without adding built- in software to their processes. This "Hook and Tender" process as we call it, allows consumers to obtain a unique, bar code that consolidates their selected coupons, to scan their mobile phone at checkout and quickly tap into the POS to redeem the coupon savings, print out the normal receipt now showing the consumer's savings from Klever, and prepare a daily, auditable transaction report identifying each coupon or promotion redeemed, the redemption value and revenues to Klever. The Company has tested this process extensively and we are confident of its reliability, accuracy and retail/consumer appeal. This is a major asset for Klever. The Company's software functions now with Retalix ISS45 software which is in use in about 14,000 markets. Our software is transferable to other POS software with some additional, minimal application programming, which has not yet been undertaken. That will be done after the current software is operational and revenues are flowing to the Company.

During 2013, as a result of arrangements made by management, the Company had access to a demonstration store for the entire year to test each of the software developments against the current hardware and software. In September the Company also conducted a focus group with users recruited from the store's consumers' and carefully noted the features that are attractive and working well and those that could be improved. At this stage the Company was transitioning from developmental programming, which now worked proficiently, to operational refinements for ease of use by consumers and retailers. Methods were found to eliminate steps, improve navigation and other detailed features.

Following implementation of the changes made from the Focus Group, in November the Company again recruited additional users at the store to test the refinements, and at this stage found that few improvements were needed. The Company continued its transformation from a development company to an operational company, addressing the operational issues of conducting promotional transactions and marketing the products. The demonstration store check-out staff were trained in the use of the KleverShop application. The patented Chime-Time Awards program was executed successfully with many options available to store management. The KleverDash retailer promotion tracking program, that allows retailers suppliers to view the real-time redemption of coupons and other promotions, was successfully utilized. The KelverBank deposit and redemption center for developing and operating coupon redemption programs was expanded and successfully utilized. The accounting processes were developed along with the contract forms for use with pending retail customers. The Company also prepared the necessary documentation of its software applications.

The Company's KleverShop™ and KleverDash™ software, utilizing the KleverBank® and operating in the KleverKloud®, now allows retailers and suppliers to establish and manage digital promotion campaigns with far greater accuracy and flexibility than current technology provides. These products can revolutionize the way consumers, retailers and suppliers interact by offering many specialized or time-sensitive promotions not currently available. Much more information can be given to consumers. Retailers and suppliers have much greater control. And the speed and reliability of transactions and their clearing is greatly accelerated.

Anticipated Business Development in the Next 12 Months

During 2014, the Company intends to move forward along several paths. We will continue to strengthen our balance sheet, and reduce our outstanding debt and seek additional capital investment. Additionally, we will be working with an investment relations company to strengthen public awareness of our Company's investment potential. We will strengthen our KleverShop® and KleverDash™ systems to improve the consumer experience and ability of suppliers to manage their promotional programs. We are looking to expand into a regional super market chain of moderate size to test the multi-store usability of our software systems, and by late fall we are targeting to land a major supermarket chain. By that time we expect to have promotional relationships with numerous product suppliers. We will begin heavily promoting our KleverBank® system for promotions management and consumer redemption, which, if successful, should place our Company in an advantageous position. We, of course aren't the only Company developing digital solutions for coupon management. There are several applications on the market now; but in our opinion these have limited capability. We expect to differentiate ourselves by being a full service digital marketing provider to consumers, retailers and suppliers with platforms to meet all of their promotional needs. Notable progress is being made, and the Company is moving forward to an exciting future. However, we must caution the reader that Klever Marketing is still a development stage company, and no revenue contracts have yet been signed. No assurance or warranty can be given that the Company will be successful in implementing the efforts described in this report.

ITEM 1A. RISK FACTORS AND UNCERTAINTIES

Readers should carefully consider the risks and uncertainties described below before deciding whether to invest in shares of our common stock.

Our failure to successfully address the risks and uncertainties described below would have a material adverse effect on our business, financial condition and/or results of operations, and the trading price of our common stock may decline and investors may lose all or part of their investment. We cannot assure you that we will successfully address these risks or other unknown risks that may affect our business.

As an enterprise engaged in the development of new technology, our business is inherently risky. Our common shares are considered speculative during the development of our new business operations. Prospective investors should consider carefully the risk factors set out below.

We need to continue as a going concern if our business is to succeed.

Our independent accountant's report to our audited consolidated financial statements for the year ended December 31, 2013, indicates that there are a number of factors that raise substantial risks about our ability to continue as a going concern. Such factors identified in the report are our accumulated deficit since inception, our failure to attain profitable operations and our dependence upon obtaining adequate additional financing to pay our liabilities. If we are not able to continue as a going concern, investors could lose their investments.

Because of the unique difficulties and uncertainties inherent in technology development, we face a risk of business failure.

Potential investors should be aware of the difficulties normally encountered by companies developing new technology and the high rate of failure of such enterprises. The likelihood of success must be considered in light of the problems, expenses, difficulties, complications and delays encountered in connection with the development of new technology with limited personnel and financial means. These potential problems include, but are not limited to, unanticipated technical problems that extend the time and cost of product development, or unanticipated problems with the operation of our technology or that with which we are licensing that also extend the time and cost of product development.

If we do not obtain additional financing, our business will fail.

Our current operating funds are less than necessary to complete the full development and marketing of our mobile products, and we will need to obtain additional financing in order to complete our business plan. We currently have minimal operations and no income.

Our business plan calls for significant expenses in connection with developing our mobile phone technology and paying our current obligations. The Company currently does not have sufficient funds to complete the development of its technology and to pay its obligations. As a result, the Company will require additional financing to execute its business plan.

We do not currently have any firm arrangements for financing, and we can provide no assurance to investors that we will be able to find such additional financing if required. Obtaining additional financing is subject to a number of factors, including investor acceptance of our technology and current financial condition as well as general market conditions. These factors affect the timing, amount, terms or conditions of additional financing unavailable to us. And if additional financing is not arranged, the company faces the risk of going out of business.

The most likely source of future funds presently available to us is through the additional sale of private equity capital or through a convertible debt instrument. Any sale of share capital will result in dilution to existing shareholders.

There is no history upon which to base any assumption as to the likelihood we will prove successful, and we can provide investors with no assurance that we will generate any operating revenues or achieve profitable operations. If we are unsuccessful in addressing these risks, our business will most likely fail.

Because the SEC imposes additional sales practice requirements on brokers who deal in our shares that are penny stocks, some brokers may be unwilling to trade them. This means that investors may have difficulty reselling their shares and may cause the price of the shares to decline.

Our shares qualify as penny stocks and are covered by Section 15(g) of the Securities Exchange Act of 1934, which imposes additional sales practice requirements on broker/dealers who sell our securities in this offering or in the aftermarket. In particular, prior to selling a penny stock, broker/dealers must give the prospective customer a risk disclosure document that: contains a description of the nature and level of risk in the market for penny stocks in both public offerings and secondary trading; contains a description of the broker/dealers' duties to the customer and of the rights and remedies available to the customer with respect to violations of such duties or other requirements of Federal securities laws; contains a brief, clear, narrative description of a dealer market, including "bid" and "ask" prices for penny stocks and the significance of the spread between the bid and ask prices; contains the toll free telephone number for inquiries on disciplinary actions established pursuant to section 15(A)(i); defines significant terms used in the disclosure document or in the conduct of trading in penny stocks; and contains such other information, and is in such form (including language, type size, and format), as the SEC requires by rule or regulation. Further, for sales of our securities, the broker/dealer must make a special suitability determination and receive from you a written agreement before making a sale to you. Because of the imposition of the foregoing additional sales practices, it is possible that brokers will not want to make a market in our shares. This could prevent reselling of shares and may cause the price of the shares to decline.

Technology companies face intense competition. We will have to compete with our competitors for financing and for qualified managerial and technical employees.

The technology industry is intensely competitive in all of its phases. Competition includes large established technology companies with substantial capabilities and with greater financial and technical resources than we have. As a result of this competition, we may be unable to become a leader in our industry and attract and retain qualified managerial and technical employees. If we are unable to successfully compete for financing or for qualified employees, our technology development and commercialization efforts may be slowed down or suspended.

We do not expect to declare or pay any dividends.

We have not declared or paid any dividends on our common stock since our inception, and we do not anticipate paying any such dividends for the foreseeable future.

Volatility of Stock Price.

Our common shares are currently publicly traded on the OTC BB exchange under the symbol KLMK. In the future, the trading price of our common shares may be subject to wide fluctuations. Trading prices of the common shares may fluctuate in response to a number of factors, many of which will be beyond our control. In addition, the stock market in general, and the market for software technology companies in particular, has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of such companies. Market and industry factors may adversely affect the market price of the common shares, regardless of our operating performance.

ITEM 2. DESCRIPTION OF PROPERTY

None

ITEM 3. LEGAL PROCEEDINGS

The Company has no current legal proceedings.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The stock is traded on the OTC BB exchange under the trading symbol KLMK. The Company has 250 million authorized common shares.

The following table sets forth the high and low bid of the Company's Common Stock for each quarter within the past two years. The information below was provided from Google's financial website and reflects the highest and lowest closing prices during each quarter.

2013:	**High**	**Low**
First Quarter	$0.08	$0.03
Second Quarter	$0.13	$0.03
Third Quarter	$0.12	$0.06
Fourth Quarter	$0.10	$0.04
2012:	**High**	**Low**
First Quarter	$0.21	$0.02
Second Quarter	$0.16	$0.09
Third Quarter	$0.10	$0.04
Fourth Quarter	$0.08	$0.02

The number of shareholders of record of the Company's common stock as of December 31, 2013 was approximately 911.

The Company has not paid any cash dividends to date and does not anticipate paying cash dividends in the foreseeable future. It is the present intention of management to utilize any available funds for the development of the Company's business.

Recent Sales of Unregistered Securities.

On March 18, 2013, the Company issued 150,000 shares of common stock at $0.05 per share to an investor resulting in cash proceeds to the Company of $7,500.

On April 15, 2013, the Company sold 1,125,000 shares of common stock at $0.08 per share to an investor resulting in cash proceeds to the Company of $90,000.

On June 14, 2013, the Company sold 1,000,000 shares of common stock at $0.12 per share to an investor resulting in cash proceeds to the Company of $120,000.

On June 18, 2013, the Company sold 100,000 shares of common stock at $0.12 per share to an investor resulting in cash proceeds to the Company of $12,000.

On August 16, 2013, the Company sold 200,000 shares of common stock at $0.10 per share to an investor resulting in cash proceeds to the Company of $20,000.

On August 16, 2013, the Company sold 200,000 shares of common stock at $0.10 per share to an investor resulting in cash proceeds to the Company of $20,000.

Compliance with Section 16(a) of the Securities Exchange Act of 1934

Section 16(a) of the Exchange Act requires the Company's directors, executive officers, and persons who own more than 10% of a registered class of the Company's equity securities, to file with the Commission reports regarding initial ownership and changes in ownership. Directors, executive officers, and greater than 10% stockholders are required by the Commission to furnish the Company with copies of all Section 16(a) forms they file.

Beneficial Ownership Compliance Reporting

The Company is aware of the following share and option transactions for the reporting period ending December 31, 2013 for which neither Form 4 nor Form 5 were filed.

Name	Officer or Board Member	Number of Shares	Share Price	Option Price	Total Cost	Date	No. of Years
DBH Consulting (b)	No	51,622	$0.08		$4,130	1/2/2013	
Tom Ness (b)	No	15,125	$0.08		$1,210	1/2/2013	
DBH Consulting (b)	No	125,000	$0.05		$6,250	2/21/2013	
John Hastings (a)	No	150,000	$0.05		$7,500	3/18/2013	
Douglas Hill (a)	No	1,125,000	$0.08		$90,000	4/15/2013	
John III Pinches (a)	No	1,000,000	$0.12		$120,000	6/14/2013	
John Pinches (a)	No	100,000	$0.12		$12,000	6/17/2013	
Nargis Menon (a)	No	200,000	$0.10		$20,000	8/16/2013	
Terence Savas (a)	No	200,000	$0.10		$20,000	8/16/2013	
Mohammad AlSuliman (b)	No	435,000	$0.10		$43,500	9/30/2013	
Yousef Abed (b)	No	465,000	$0.10		$46,500	9/30/2013	

(a) Stock issued for cash
(b) Stock issued for service

ITEM 6. SELECTED FINANCIAL DATA

Not required for smaller reporting companies.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2013, the Company net operating income of $521,067. To date the Company has not had any revenues from operations. Since inception, the Company's primary source of funding has come through the unregistered sales of restricted common stock, sales proceeds from selling certain non-core intangible assets and net proceeds from settling patent suits.

The Company is dependent on obtaining additional capital to complete its mobile technology deployment and makes no warranty or assurance that it will be successful in any of these endeavors. Further, there is no assurance that the Company can continue to operate without cash flows or revenues. During the past year, the Company has relied exclusively upon interim capital financing for its continuation.

Results of Operations - For the year ended December 31, 2013, the Company generated a net operating income of $521,067 as compared to a net loss of $450,571 for the year ended December 31, 2012. The income generated in 2013 is primarily from gains on debt forgiveness of $818,708 coupled with net proceeds from patent infringement litigation of $94,485 partially offset by ongoing operating expenses. The 2012 net loss is primarily the result of expenditures on development of the Company's mobile applications and ongoing administrative expenses. The Company remains in the product development stage and generated no revenue in 2013 or 2012. During 2012 and 2013, the Company's expenditures were directed at developing software for its mobile phone applications. During the summer of 2013, the Company completed a successful test of its KleverShop® application.

In May 2011, the Company entered into an agreement to sell the rights to certain IP addresses that were noncore to the Company's business and were fully amortized. The sale closed during September 2011 and the Company received proceeds of $623,234 after paying commissions associated with the sale. Management used the proceeds to fund development costs associated with its mobile technology and to cover ongoing operating expenses.

General and administrative expenses for the year ended December 31, 2013 decreased by $17,003 or 4.4% to $371,039 from $388,042 for the year ended December 31, 2012. The primary reason for the overall decrease in general and administrative expenses is due to decreased costs for stock promotion, amortization, and outside services. Stock promotion costs increased from $2,500 in 2012 to $24,738 in 2013 as the Company tried various programs to increase investor awareness of its stock and product development progress. Amortization costs increased to $15,631 in 2013 compared to $3,051 in 2012 as a result of the Company's increased amortization associated with the Company's patents and trademarks. These increases were offset by a $4,377 reduction in travel costs, a $4,543 decrease in accounting fees, a $14,420 decrease in expenses for stock options, and a $13,162 decrease in outside services for the year ended December 31, 2013 as compared to 2012.

During the year ended December 31, 2013 research and development costs decreased by 62.5% from $7,833 in 2012 to $2,940 in 2013. During 2013, the Company incurred less costs to develop its technology than it did in 2012; however, the decrease in R&D expenses was due primarily to the Company obtaining technological feasibility with its mobile software development and capitalizing $130,987 as compared to $100,223 of development costs for the year ended December 31, 2012.

Other income (expense) increased to $896,242 in 2013 from ($48,368) in 2012 representing an increase of $944,610. In 2012, other income (expense) consisted of interest expense. During 2013, the Company generated a gain on debt forgiveness of $818,708, $94,485 in net proceeds from patent infringement legal settlements, partially offset by ($16,626) in interest expense and a ($325) loss on disposal of assets.

Income tax expense decreased to $1,196 for the year ended December 31, 2013 compared to $6,328 for the year ended December 31, 2012 primarily due to management recording a liability of $29,101 during the fourth quarter of 2011 relating to the Company's uncertain tax positions. Approximately $5,328 of the 2012 income tax expense related to interest and penalties are being accrued but not paid in connection with the Company's uncertain tax positions. Tax expense in 2013 included $1,096 in interest and penalties associated with the Company's uncertain tax positions.

Liquidity and Capital Resources - The Company requires working capital principally to fund its proposed product development and operating expenses for which the Company has relied primarily on short-term borrowings and the issuance of restricted common stock. During the year ended December 31, 2013, the Company was able to sell 2,775,000 shares of restricted common stock and 550,000 shares of free trading treasury stock for $316,500. During the year ended December 31, 2013, the Company invested $1,809 in computer equipment, $66,760 in capitalized software development, and $39,859 in its patents and trademarks for its intellectual property.

During the year ended December 31, 2013, the Company entered into settlement agreements with certain creditors resulting in the Company making cash payments totaling $25,450 and issuing 450,000 shares of common stock valued at $13,500 to settle outstanding obligations totaling $776,153. The Company also wrote off $81,504 of obligations where the statute of limitations had expired. The settlement of these obligations resulted in the Company recording a gain on Forgiveness of Debt totaling $818,708.

During the year ended December 31, 2013, the Company's officers agreed to forgive $404,250 of compensation that was owed to them and contribute the value of those services to the Company. As a result, the Company recorded an addition to paid-in capital for this amount.

As of December 31, 2013, our cash position was $51,654, compared with $3,055 as of December 31, 2012. We anticipate hiring additional employees and consultants for development and the corresponding operations of the Company, but this hiring is not planned to occur prior to obtaining additional capital. The Company requires working capital principally to complete development, testing and marketing of its new mobile products and to pay for ongoing operating expenses. Management is currently in the process of looking for additional investors. Currently, there are no formal commitments from banks or other lending sources for lines of credit or similar short-term borrowings, but the Company has been able to raise minimal additional working capital that has been required to enable the Company to continue operations. From time to time in the past, required short-term borrowings have been obtained from principal shareholders or other related entities or working capital has been obtained through the issuance of restricted common stock to fund operations in accordance with the Company's revised business plan.

Cash flows used by operating activities – The Company used $148,023 and $168,364 for operating activities for the years ended December 31, 2013 and 2012, respectively. The increase in cash flows used in operating activities is primarily due to a decrease in debt forgiveness of $818,708, partially offset by an increase in net income of $971,638 coupled with year over year increases in depreciation and amortization of $13,076, and services contributed by officers of $81,000, accounts payable of 36,354 and accrued liabilities of $175,666.

Cash flows used by investing activities – The Company used $108,428 of cash flows in investing activities for the year ended December 31, 2013 compared to $139,904 for the year ended December 31, 2012. During the year ended December 31, 2013, the Company incurred costs of $1,809 to purchase computer equipment, $66,760 for capitalized software development costs, and spent $39,859 to develop related patents and trademarks. For the year ended December 31, 2012, the Company spent $2,084 to purchase computer equipment, $100,223 on software development costs, and $37,597 to obtain related patents and trademarks.

Cash flows generated from financing activities – The Company generated cash flows from financing activities of $305,050 for the year ended December 31, 2013 as compared to $133,450 for the year ended December 31, 2012. During the year ended December 31, 2013, the Company sold 2,775,000 shares of restricted common stock and 550,000 shares of free trading treasury stock for $316,500. In addition, the Company used cash net of borrowings of $11,450 to repay related party loans from its officers. During the year ended December 31, 2012, the Company sold 839,444 restricted shares of common stock to individuals for $122,000 and received $11,450 from related party borrowings.

Factors That May Affect Future Results - Management's Discussion and Analysis contains information based on management's beliefs and forward-looking statements that involve a number of risks, uncertainties, and assumptions. There can be no assurance that actual results will not differ materially from the forward-looking statements as a result of various factors, including but not limited to the following:

- The Company may not obtain the equity funding or short-term borrowings necessary to market and launch its mobile applications.

- The product launch may take longer to implement than planned or may not be successful.

ITEM 8. FINANCIAL STATEMENTS

The financial statements of the Company and supplementary data are included beginning immediately following the signature page to this report. See Item 15 for a list of the financial statements and financial statement schedules included.

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

There are not and have not been any disagreements between the Company and its accountants on any matter of accounting principles, practices or financial statement disclosures.

On February 25, 2013, the Company filed an 8-K announcing the appointment of the new auditors, HJ & Associates, LLC.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company's Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining disclosure controls and procedures for the Company, and have concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) were not effective as of the end of the period covered by this report, based on their evaluation of these controls and procedures required by paragraph (b) of Rules 13a-15(f) and 15d-15(f), due to certain material weaknesses in our internal control over financial reporting as discussed below.

Internal Control Over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal controls over financial reporting for the Company. Due to limited resources, Management conducted an evaluation of internal controls based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). The results of this evaluation determined that our internal control over financial reporting was ineffective as of December 31, 2013, due to material weaknesses. A material weakness in internal control over financial reporting is defined as a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of our financial reporting.

Management's assessment identified the following material weaknesses in internal control over financial reporting:

- The small size of our Company limits our ability to achieve the desired level of separation of internal controls and financial reporting. We do have a separate CEO and CFO, to review and oversee the financial policies and procedures of the Company, which does achieve a degree of separation. However, until such time as the Company is able to hire a Controller, we do not believe we meet the full requirement for separation.
- We do not have a functional audit committee.
- We have not achieved the desired level of documentation of our internal controls and procedures. When the Company obtains sufficient funding, this documentation will be strengthened through utilizing a third party consulting firm to assist management with its internal control documentation and further help to limit the possibility of any lapse in controls occurring.
- We have not achieved the desired level of corporate governance to ensure that our accounting for all of our contractual and other agreements is in accordance with all of the relevant terms and conditions. Because of our limited capital resources, we sometimes formalize our agreements with certain contractors after the work is performed when additional resources become available to pay for the services.

As a result of the material weaknesses in internal control over financial reporting described above, the Company’s management has concluded that, as of December 31, 2013, the Company's internal control over financial reporting was not effective based on the criteria in Internal Control - Integrated Framework issued by the COSO.

To date, the Company has not been able to add any additional members to its Audit Committee due its limited financial resources. When the Company obtains sufficient funding, Management intends to add additional members to the Audit Committee and charge them with assisting the Company in addressing the material weaknesses noted above. The Company’s lack of current financial resources makes it impossible for the Company to hire the appropriate personnel needed to overcome these weaknesses and ensure that appropriate controls and separation of responsibilities of a larger organization exist. We also will continue to follow the standards for the Public Company Accounting Oversight Board (United States) for internal control over financial reporting to include procedures that:

- ❑ Pertain to the maintenance of records in reasonable detail accurately that fairly reflect the transactions and dispositions of the Company's assets;
- ❑ Provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of management and the Board of Directors; and
- ❑ Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Our management determined that there were no changes made in our internal controls over financial reporting during the fiscal year 2013 that have materially affected, or are reasonably likely to materially affect our internal control over financial reporting.

This annual report does not include an attestation report of the Company’s registered public accounting firm regarding internal control over financial reporting. Management’s report was not subject to attestation by the Company’s registered public accounting firm pursuant to rules of the Securities and Exchange Commission that permit the Company to provide only management’s report in this annual report.

PART III

ITEM 10. DIRECTORS EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT

Executive Officers and Directors

The following table sets forth the name, age, and position of each executive officer and director of the Company:

Director's Name	Age	Office	Term Expires
Paul G. Begum	73	Chairman/CEO	Future shareholder meeting
Robert A. Campbell	71	COO and CFO	Future shareholder meeting
Jerry P. Wright	61	Director	Future shareholder meeting

Paul G. Begum, Founder, age 73 returned to the Board of Directors in February, 2007. Paul currently serves as Chairman and CEO. Paul has substantial entrepreneurial experience managing and owning controlling interest in HelpUSolve, LLC which operates a number of divisions with products ranging from filtered breathing masks (EnviroAir), food service industry cup liners, script writing, screen plays and theatrical productions. Paul also brings substantial and diverse fundraising abilities and negotiating skills to the Board.

Robert A. Campbell age 71 retired from Parsons Corporation, a large engineering and program management Company, where he served as senior manager and director of program operations for projects and operations around the world. He has been responsible for the design and implementation of major software developments and installations. He has been responsible for finance and controls on multi-billion programs in the United States, Middle East and Asia. He has broad experience in both managing day-to-day project operations and a portfolio of programs. Mr. Campbell's last formal level of education was at the Anderson School of Business at the University of California at Los Angeles where he received his M.B.A. degree in finance.

Jerry P. Wright age 61 is the CEO and President of United Potato Growers of America with a broad experience in the food production, packaged goods manufacturing and retail sales industries. Jerry has been very successful in adding sales growth and profitability to Company's he has worked with. Jerry has demonstrated strong leadership skills along with his successful turnarounds of a number of companies and organizations. His knowledge of packaged goods manufacturing and retail sales operations bring valuable skills to Klever Marketing. Jerry has an MBA from Brigham Young University.

Changes to Executive Officers and Directors

None

Audit Committee

As of December 31, 2013, the Company did not have a functioning Audit and Compliance Committee. The Company's management is currently reviewing the Company's SEC filings and relying on outside experts to assist with this process.

Audit Committee Financial Expert

The Company's board of directors needs to have an "audit committee financial expert," within the meaning of such phrase under applicable regulations of the Securities and Exchange Commission, serving on its audit committee. The individual needs to be capable of (i) understanding generally accepted accounting principles ("GAAP") and financial statements, (ii) assessing the general application of GAAP principles in connection with our accounting for estimates, accruals and reserves, (iii) analyzing and evaluating our financial statements, (iv) understanding our internal controls and procedures for financial reporting; and (v) understanding audit committee functions, all of which are attributes of an audit committee financial expert and meet the experience requirements specified in the SEC's definition of "audit committee financial expert." Further, like many small companies, it is difficult for the Company to attract and retain board members who qualify as "audit committee financial experts," and competition for these individuals is significant.

ITEM 11. EXECUTIVE COMPENSATION

Summary Compensation

The following table shows the executive compensation paid for the years ended December 31, 2013 and 2012.

(a) Name and Principal Position	(b) Year Ended Dec 31,	(c) Salary	(d) Bonus	(e) Other Annual Compensation	(f) Restricted Stock Award(s)	(g) Securities Underlying Options /SAR's	(h) LTIP	(i) All Other Compensation
Paul G. Begum Chairman/CEO*	2013	$54,000	$0	$0	$0	$0	$0	$0
	2012	$27,000	$0	$0	$0	$0	$0	$0
Robert Campbell COO	2013	$0	$0	$0	$0	$0	$0	$0
	2012	$0	$0	$0	$0	$0	$0	$0

*Services provided through PSF Inc., a company owned by Mr. Begum.

Aggregate Option/SAR Exercises in the Last Fiscal Year and year End Option/SAR Values

The following table sets forth information respecting all individual grants of options and SARs made during the last completed fiscal year, 2013, to the chief executive officer, chief financial officer, and directors of the Company. As shown, no grants of options took place and no options are outstanding as of December 31, 2013.

Name	Shares Acquired on exercise	Value Realized ($)	Number of Securities Underlying Unexercised Options		Value of Unexercised in-the-money options ($) (a)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Paul G. Begum	0	$0	$0	$0	$0	$0
Robert A. Campbell	0	$0	$0	$0	$0	$0
Jerry P. Wright	0	$0	$0	$0	$0	$0

(a) Executive Compensation and Benefits

The Company provides no health insurance to any full or part-time employees.

The Company has adopted a stock incentive plan for its employees, executive officers, directors, and consultants.

ITEM 12. SECURITY OWNERSHIP OF BENEFICIAL OWNERS AND MANAGEMENT

Principal Shareholders

The table below sets forth information as to each person owning of record or was known by the Company to own beneficially shares of stock that have more than 5% of the 73, 848,851 (51,693,124 common plus 22,155,727 preferred) votes as of December 31, 2013. The table includes preferred stock that is convertible into common stock as well as options to acquire stock of the Company that are currently exercisable or will be within the next 60 days, and information as to the ownership of the Company's Stock by each of its directors and executive officers and by the directors and executive officers as a group. Except as otherwise indicated, all shares are owned directly, and the persons named in the table have sole voting and investment power with respect to shares shown as beneficially owned by them.

Name and Address of Beneficial Owners	Nature of Ownership	Shares Owned	Percent of Common
Directors, Executive Officers & >5% Stock Owners			
Paul G. Begum (through PSF Inc. and Tree of Stars, Inc.)	Direct	10,642,075	
30251 Golden Lantern	Preferred	22,616,711	
Suite E, PMB 411	Options/Warrants	–	
Laguna Niguel, CA 92677	Total	33,258,786	44.76%
Robert A. Campbell	Direct	4,669,000	
991 Rippey Sreet	Preferred	–	
El Cajon, CA 92020	Options/Warrants	–	
	Total	4,669,000	6.28%
Terry Warner	Direct	3,789,292	
(through Mahalo, LLC and Zedeka, LLC)	Preferred	–	
	Options/Warrants	–	
	Total	3,789,292	5.10%
Total		41,717,078	56.14%

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Director and Officer Loans to the Company

Loans were made to the Company during 2013 by two officers in the following amounts:

From	Principal Balance as of 12/31/2012	Borrowings	Repayments	Principal Balance as of 12/31/2013
Paul G. Begum (through PSF Inc.)	$ –	$ –	$ –	$ –
Paul G. Begum (through Tree of Stars, Inc)	3,000	7,100	10,100	–
Robert A. Campbell	8,450	6,350	14,800	–
Total	$ 11,450	$ 13,450	$ 24,900	$ –

ITEM 14. PRINCIPAL ACCOUNTANT FEES & SERVICES

Audit Fees. Consists of fees billed for professional services rendered for the audits of our financial statements, reviews of our interim financial statements included in quarterly reports, services performed in connection with filings with the Securities & Exchange Commission, and related other services that are normally provided by HJ & Associates in connection with statutory and regulatory filings or engagements.

The following is a summary of the fees paid by the Company to HJ & Associates, LLC for professional services rendered for the years ended December 31, 2013 and 2012, respectively.

Service	2013	2012
Audit Fees	$ 17,100	$ 5,000
Audit-Related Fees	–	–
Total	$ 17,100	$ 5,000

Tax Fees. Consists of fees billed for professional services for tax compliance, tax advice and tax planning. These services include assistance regarding federal, state and local tax compliance and consultation in connection with various transactions.

The following is a summary of the fees paid by the Company to Robison, Hill & Company for professional services rendered for the years ended December 31, 2013.

Service	2013	2012
Tax Fees	$ 1,500	$ 1,000
	$ 1,500	$ 1,000

Board of Directors Pre-Approval of Audit and Permissible Non-Audit Services of Independent Auditors

The Board of Directors may pre-approve all audit and non-audit services provided by the independent auditors. These services may include audit services, audit-related services, tax services and other services as allowed by law or regulation. Pre-approval is generally provided for up to one year and any pre-approval is detailed as to the particular service or category of services and is generally subject to a specifically approved amount. The independent auditors and management are required to periodically evaluate the extent of services provided by the independent auditors in accordance with this pre-approval and the fees incurred to date. The Board of Directors may also pre-approve particular services on a case-by-case basis.

The Board of Directors pre-approved 100% of the Company's 2013 and 2012 audit fees, audit-related fees, tax fees, and all other fees to the extent the services occurred after May 6, 2003, the effective date of the Securities and Exchange Commission's final pre-approval rules.

ITEM 15. EXHIBITS, AND REPORTS ON FORM 10-K

(a) The following documents are filed as part of this report.

1. Financial Statements

2. Financial Statement Schedules

All schedules are omitted because they are not applicable or the required information is shown in the financial statements or notes thereto.

3. Exhibits

The following exhibits are included as part of this report:

Exhibit Number	Title of Document
3.01	Restated Certificate of Incorporation of Klever Marketing, Inc. a Delaware corporation (1)
3.02	Certificate of Designation of Rights, Privileges and Preferences: Rights of A Class Voting Preferred Stock, Series 1, of Klever Marketing, Inc., dated February 7, 2000 (2)
3.03	Bylaws, as amended (2)
4.01	Amended Certificate of Designation of Rights, Privileges and Preferences: Rights of A Class of Voting Preferred Stock, Series 1, of Klever Marketing, Inc., Dated February 7, 2000 (3)
4.02	Certificate of Designation of Rights, Privileges and Preferences of Class B Voting Preferred Stock, of Klever Marketing, Inc., dated September 24, 2000 (3)
4.03	Certificate of Designation of Rights, Privileges and Preferences of Class C Voting Preferred Stock, of Klever Marketing, Inc., dated January 2, 2001 (3)
4.04	Certificate of Designation of Rights, Privileges and Preferences of Class D Voting Preferred Stock, of Klever Marketing, Inc., dated June 14, 2002 (5)
4.05	Amendment to the Certificates of Designation of Rights, Privileges and Preferences of Class A, B, and C Voting Preferred Stock, of Klever Marketing, Inc., dated June 12, 2002 (5)
10.01	Separation Agreement between Paul G. Begum and the Registrant, dated January 8, 2001 (2)
10.02	Stock Incentive Plan, effective June 1, 1998 (2)
10.03	Amended and Restated Promissory Note (Secured) of the Registrant payable to Presidio Investments, LLC, dated June 27, 2000, with Financing Statement and Exhibit “A” (2)
10.04	Intercreditor Agreement between Seabury Investors III, Limited Partnership, The Olson Foundation, Presidio Investments, LLC, and the Registrant dated August 27, 2001 (4)
10.05	Asset purchase agreement dated August 27, 2004 (6)
10.06	Software Development Works Agreement between Klever Marketing, Inc. and Qualzoom Inc. dated August 15, 2010 (7)
10.07	Software Development Agreement between Klever Marketing, Inc. and Briabe Media Inc. September 22, 2010 (7)
23.1	Consent of Independent Registered Public Accounting Firm
31.1	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Schema Document
101.CAL	XBRL Calculation Linkbase Document
101.DEF	XBRL Definition Linkbase Document
101.LAB	XBRL Label Linkbase Document
101.PRE	XBRL Presentation Linkbase Document

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(1) Incorporated herein by reference from Registrant’s Form 10KSB, dated June 20, 1997.
(2) Incorporated herein by reference from Registrant’s Form 10KSB, dated March 29, 2001
(3) Incorporated herein by reference from Registrant’s Form 10QSB, dated May 15, 2001.
(4) Incorporated herein by reference from Registrant’s Form 10QSB, dated May 15, 2002.
(5) Incorporated herein by reference from Registrant’s Form 10QSB, dated August 19, 2002.
(6) Incorporated herein by reference from Registrant’s Form 10QSB, dated November 19, 2004.

(7) Incorporated herein by reference from Registrant’s Form 8-K, dated November 19, 2010.

SIGNATURES

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

KLEVER MARKETING, INC.

Dated: March 17, 2014

By: /s/ Paul G. Begum
Paul G. Begum
Chairman and CEO

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated on this 17th day of March 2014.

Signature	Title
/s/ Paul G. Begum Paul G. Begum	Chairman and CEO
/s/ Robert A. Campbell Robert A. Campbell	COO and CFO
/s/ Jerry P. Wright Jerry P. Wright	Director

KLEVER MARKETING, INC.

(A Development Stage Company)

Financial Statements

As of December 31, 2013 and 2012
and for the Years Ended December 31, 2013 and 2012
and for the Period from Inception July 5, 1996 to December 31, 2013

C O N T E N T S

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
Klever Marketing, Inc.
Salt Lake City, Utah

We have audited the accompanying balance sheets of Klever Marketing, Inc. (A Development Stage Company) as of December 31, 2013 and 2012 and the related statements of operations, stockholders' equity (deficit), and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Klever Marketing, Inc. (A Development Stage Company) as of December 31, 2013 and 2012 and the results of its operations and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As disclosed in Note 3 to the financial statements, the Company does not generate significant revenue and has negative cash flow from operations. This raises substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 3. The financial statements do not include any adjustments that might result in the outcome of this uncertainty.

We were not engaged to audit, and we did not audit, the related statements of operations, stockholders' equity (deficit) and cash flows from inception (July 5, 1996) through December 31, 2013, and accordingly, we express no opinion or any other form of assurance on them.

/s/ HJ & Associates, LLC

HJ & Associates, LLC
Salt Lake City, Utah
March 17, 2014

KLEVER MARKETING, INC.

(A Development Stage Company)

Balance Sheets

		December 31,			
		2013		2012	
ASSETS					
CURRENT ASSETS					
Cash	$	51,654	$	3,055	
Total Current Assets		51,654		3,055	
FIXED ASSETS					
Capitalized software development and licenses		422,330		291,343	
Office Equipment		3,350		2,084	
Less accumulated depreciation		(915)		(319)	
Total Fixed Assets		424,765		293,108	
OTHER ASSETS					
Intangibles, net		86,898		62,670	
Total Other Assets		86,898		62,670	
TOTAL ASSETS	$	563,317	$	358,833	
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)					
CURRENT LIABILITIES					
Accounts payable	$	304,669	$	525,589	
Accrued liabilities		65,724		1,024,777	
Preferred stock dividends		–		77,798	
Related party notes payable		–		11,450	
Notes payable		–		15,000	
Total Current Liabilities		370,393		1,654,614	
Total Liabilities		370,393		1,654,614	
STOCKHOLDERS' EQUITY (DEFICIT)					
Convertible preferred stock - Class A (par value $0.01; 150,000 shares authorized; 124,531 and 112,249 issued and outstanding at December 31, 2013 and December 31, 2012, respectively); aggregate liquidation preference of $3,171,818.		1,245		1,122	
Convertible preferred stock - Class B (par value $0.01; 125,000 shares authorized; 94,383 and 85,075 issued and outstanding at December 31, 2013 and December 31, 2012 respectively); aggregate liquidation preference of $1,571,803.		944		851	
Convertible preferred stock - Class C (par value $0.01; 200,000 shares authorized; 165,955 and 149,586 issued and outstanding at December 31, 2013 and December 31, 2012 respectively); aggregate liquidation preference of $1,072,975.		1,660		1,496	
Common stock (par value $0.01), 250,000,000 shares authorized, 51,693,124 and 46,626,377 shares issued and outstanding, at December 31, 2013 and December 31, 2012, respectively.		516,931		466,264	
Treasury stock, 100,000 shares at December 31, 2013 and December 31, 2012.		(1,000)		(1,000)	
Paid in capital in excess of par value		17,880,371		16,963,780	
Retained deficit		(3,333,785)		(3,333,785)	
Deficit accumulated during development stage		(14,873,442)		(15,394,509)	
Total Stockholders' Equity (Deficit)		192,924		(1,295,781)	
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	$	563,317	$	358,833	

See accompanying notes to financial statements.

KLEVER MARKETING, INC.
(A Development Stage Company)
Statements of Operations
For the Years Ended December 31, 2013 and 2012

	For the Year Ended December 31, 2013	For the Year Ended December 31, 2012	Unaudited From Inception of Development Stage On July 5, 1996 Through December 31, 2013
REVENUES	$ –	$ –	$ 256,000
EXPENSES			
Sales and marketing	–	–	163,306
General and administrative	371,039	388,042	12,588,561
Research and development	2,940	7,833	4,780,866
Total Expenses	373,979	395,875	17,532,733
OTHER INCOME (EXPENSE)			
Other income	94,485	–	780,236
Interest income	–	–	19,152
Interest expense	(16,626)	(48,368)	(2,755,234)
Forgiveness of debt	818,708	–	1,285,661
Gain (loss) on sale of assets	(325)	–	649,856
Litigation settlement	–		–
Capital gain on sale of investments	–	–	191,492
Total Other Income (Expense)	896,242	(48,368)	171,163
NET INCOME (LOSS) BEFORE INCOME TAXES	522,263	(444,243)	(17,105,570)
INCOME TAXES	(1,196)	(6,328)	(39,266)
NET INCOME (LOSS) BEFORE EXTRAORDINARY ITEMS	521,067	(450,571)	(17,144,836)
EXTRAORDINARY ITEM - TROUBLED DEBT RESTRUCTURING	–	–	2,271,394
NET INCOME (LOSS)	$ 521,067	$ (450,571)	$ (14,873,442)
BASIC EARNINGS PER COMMON SHARE	$ 0.01	$ (0.01)	
FULLY DILUTED INCOME (LOSS) PER COMMON SHARE	$ 0.01	$ (0.01)	
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - BASIC	49,757,302	46,043,507	
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - FULLY DILUTED	72,127,734	46,043,507	

See accompanying notes to financial statements.

KLEVER MARKETING, INC.
(A Development Stage Company)
Statements of Stockholders' Equity (Deficit)
From Inception of the Development Stage on July 5, 1996 Through December 31, 2013
(UNAUDITED)

	Preferred Stock		Common Stock		Common Stock to be	Subscription	Treasury	Paid in Capital in Excess of Par	Retained	Deficit Accumulated During Development	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Issued	Receivable	Stock	Value	Deficit	Stage	(Deficit)
Balance, December 31, 1995 (Unaudited)	247,100	$ 2,471	12,210,949	$ 122,109	$ -	$ -	$ -	$ 74,022,028	$ (103,351,248)	$ -	$ (29,204,640)
January 1996, shares issued in connection with merger	(247,100)	(2,471)	(3,784,905)	(37,849)	5,059	-	-	(70,257,358)	100,017,463	-	29,724,844
Shares issued for cash at $0.50-$3.00 per share	-	-	314,287	3,143	-	-	-	507,932	-	-	511,075
Shares issued in exercise of options at $1.00-$1.25 per share	-	-	130,000	1,300	-	-	-	136,200	-	-	137,500
Shares issued for services at $1.25 per share	-	-	14,282	143	-	-	-	17,710	-	-	17,853
Shares issued for receivable at $1.00-$3.00 per share	-	-	-	-	407	-	-	101,543	-	-	101,950
Shares issued to officer and employee for patents	-	-	-	-	2,250	-	-	130,500	-	-	132,750
Net loss in the year ended December 31, 1996	-	-	-	-	-	-	-	-	-	(831,814)	(831,814)
Balance, December 31, 1996 (Unaudited)	-	-	8,884,613	88,846	7,716	-	-	4,658,555	(3,333,785)	(831,814)	589,518
Shares issued for cash at $0.01 - $3.00 per share	-	-	228,150	2,282	49	-	-	449,976	-	-	452,307
Shares issued to officers for loans at $0.08 - $1.82 per share	-	-	249,444	2,494	-	-	-	74,287	-	-	76,781
Shares issues for services at $0.50 - $2.59 per share	-	-	10,398	104	-	-	-	7,391	-	-	7,495
Share issued to officers for patents	-	-	260,813	2,608	(2,250)	-	-	1,892	-	-	2,250
Shares issued for cash and receivables at $1.75 - $2.00 per share	-	-	58,286	583	(100)	-	-	85,267	-	-	85,750
Shares issued to Videocart creditors	-	-	97,610	976	(976)	-		-	-	-	-
Shares issued for research and development at par	-	-	-	-	464	-	-	-	-	-	464
Shares issued for employee compensation at $2.50 per share	-	-	6,000	60	-	-	-	14,940	-	-	15,000
Net loss for the year ended December 31, 1997	-	-	-	-	-	-	-	-	-	(755,594)	(755,594)
Balance, December 31, 1997	-	-	9,795,314	97,953	4,903	-	-	5,292,308	(3,333,785)	(1,587,408)	473,971
Shares issued for cash at $1.50 - $3.00 per share			294,059	2,941	(100)		-	612,416			615,257
Shares issued for services at $2.00 - $7.80 per share	-	-	13,648	136	-	-	-	43,590	-	-	43,726
Shares issued for employee compensation at $2.19 - $3.06 per share	-	-	4,363	44	-	-	-	9,954	-	-	9,998

Shares issued for accounts receivable at $1.50 - $2.12 per share	-	-	129,437	1,294	-	-	-	209,671	-	-	210,965
Shares issued for 1,500 shares of Avtel stock at $3.00 per share	-	-	4,125	41	-	-	-	12,334	-	-	12,375
Shares issued for research and development contract	-	-	46,366	464	(464)	-	-	-	-	-	-
Shares issued to officer for patent at $2.94 per share	-	-	150,000	1,500	250	-	-	512,313	-	-	514,063
Shares returned at $1.58 per share	-	-	(42,493)	(425)	-	-	-	(66,667)	-	-	(67,092)
Net loss for the year ended December 31, 1998	-	-	-	-	-	-	-	-	-	(1,496,926)	(1,496,926)
Balance, December 31, 1998 (Unaudited)	-	$ -	10,394,819	$ 103,948	$ 4,589	$ -	$ -	$ 6,625,919	$ (3,333,785)	$ (3,084,334)	$ 316,337

See accompanying notes to financial statements.

KLEVER MARKETING, INC.
(A Development Stage Company)
Statements of Stockholders' Equity (Deficit) (Continued)
From Inception of the Development Stage on July 5, 1996 Through December 31, 2013
(UNAUDITED)

	Preferred Stock Shares	Preferred Stock Amount	Common Stock Shares	Common Stock Amount	Common Stock to be Issued	Subscription Receivable	Treasury Stock	Paid in Capital in Excess of Par Value	Retained Deficit	Deficit Accumulated During Development Stage	Total Stockholders' Equity (Deficit)
Balance, December 31, 1998 (Unaudited)	-	$ -	10,394,819	$ 103,948	$ 4,589	$ -	$ -	$ 6,625,919	$ (3,333,785)	$ (3,084,334)	$ 316,337
Shares issued for cash at $1.96 - $3.00 per share	-	-	701,525	7,015	-	-	-	1,649,949	-	-	1,656,964
Shares issued for employee compensation at $1.95 - $2.34 per share	-	-	2,995	30	-	-	-	6,187	-	-	6,217
Shares issued for exercise of options at $0.52 - $0.86 per share	-	-	238,271	2,383	-	-	-	200,342	-	-	202,725
Shares returned at $0.67 - $1.58 per share	-	-	(62,489)	(625)	-	-	-	(107,047)	-	-	(107,672)
Net loss for the year ended December 31, 1999	-	-	-	-	-	-	-	-	-	(1,734,623)	(1,734,623)
Balance, December 31, 1999 (Unaudited)	-	-	11,275,121	112,751	4,589	-	-	8,375,350	(3,333,785)	(4,818,957)	339,948
Shares issued for cash at $1.07 - $2.75 per share	-	-	279,742	2,798	-	-	-	532,754	-	-	535,552
Preferred shares issued for cash at $17-$26 per share	84,576	846	-	-	-	-	-	1,827,529	-	-	1,828,375
Shares issued for employee compensation at $3.99 per share	-	-	74,608	746	-	-	-	296,939	-	-	297,685
Shares issued for exercise of stock options at $0.86 - $1.07 per share	-	-	597,778	5,978	-	-	-	511,931	-	-	517,909
Shares issued for accounts payable at $2.75 - $3.00 per share	-	-	9,488	95	-	-	-	26,649	-	-	26,744
Paid-in capital from treasury stock transaction	-	-	-	-	-	-	-	16,180	-	-	16,180
Shares canceled and converted to preferred shares at $2.75 per share	-	-	(100,000)	(1,000)	-	-	-	(274,000)	-	-	(275,000)
Conversion of note payable to preferred shares at $26 per share	9,615	96	-	-	-	-	-	249,904	-	-	250,000
Shares issued that were paid for in 1997	-	-	23,334	233	(233)	-	-	-	-	-	-
Shares issued for services at $0.89 per share	-	-	2,697	27	-	-	-	2,373	-	-	2,400
Shares returned at $1.73 - $2.12 per share	-	-	(10,000)	(100)	-	-	-	(19,150)	-	-	(19,250)
Net loss for the year ended December 31, 2000	-	-	-	-	-	-	-	-	-	(4,066,283)	(4,066,283)
Balance, December 31, 2000 (Unaudited)	94,191	942	12,152,768	121,528	4,356	-	-	11,546,459	(3,333,785)	(8,885,240)	(545,740)
Shares issued for cash at $0.82 per share	-	-	4,685	47	-	-	-	3,795	-	-	3,842
Preferred shares issued for cash at $6.60 per share	6,061	60	-	-	-	-	-	39,940	-	-	40,000

Preferred shares issued for payment of note payable at $6.60 per share	68,182	682	-	-	-	-	-	449,318	-	-	450,000
Shares canceled for nonpayment	-	-	(4,694)	(47)	-	-	-	(9,903)	-	-	(9,950)
Shares issued for research and development expenses at $1.00 per share	-	-	15,000	150	-	-	-	14,850	-	-	15,000
Shares issued for general and administrative expenses at $0.66 per share	-	-	507,048	5,070	-	-	-	329,581	-	-	334,651
Shares returned to Company for accounts receivable of $98,375	-	-	-	-		-	(1,000)	(97,375)	-	-	(98,375)
Net loss for the year ended December 31, 2001	-	-	-	-	-	-	-	-	-	(2,342,405)	(2,342,405)
Balance, December 31, 2001 (Unaudited)	168,434	$ 1,684	12,674,807	$ 126,748	$ 4,356	$ -	$ (1,000)	$ 12,276,665	$ (3,333,785)	$ (11,227,645)	$ (2,152,977)

See accompanying notes to financial statements.

KLEVER MARKETING, INC.

(A Development Stage Company)

Statements of Stockholders' Equity (Deficit) (Continued)

From Inception of the Development Stage on July 5, 1996 Through December 31, 2013

(UNAUDITED)

	Preferred Stock		Common Stock		Common Stock to be	Subscription	Treasury	Paid in Capital in Excess of Par	Retained	Deficit Accumulated During Development	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Issued	Receivable	Stock	Value	Deficit	Stage	(Deficit)
Balance, December 31, 2001 (Unaudited)	168,434	$ 1,684	12,674,807	$ 126,748	$ 4,356	$ -	$ (1,000)	$ 12,276,665	$ (3,333,785)	$ (11,227,645)	$ (2,152,977)
Shares canceled for services not rendered	-	-	(304,229)	(3,042)	-	-	-	(197,749)	-	-	(200,791)
Cash received for shares that have not yet been issued	-	-	-	-	3,333	-	-	21,667	-	-	25,000
Net loss for the year ended December 31, 2002	-	-	-	-	-	-	-	-	-	(1,025,837)	(1,025,837)
Balance, December 31, 2002 (Unaudited)	168,434	1,684	12,370,578	123,706	7,689	-	(1,000)	12,100,583	(3,333,785)	(12,253,482)	(3,354,605)
Shares issued for cash at $0.05 - $0.75 per share	-	-	2,580,000	25,800	(3,333)	-	-	151,033	-	-	173,500
Shares issued to S&C Medical at $0.05 per share	-	-	3,000,000	30,000	-	-	-	120,000	-	-	150,000
Shares issued for notes payable at $0.04 - $0.05 per share	-	-	11,259,786	112,598	-	-	-	446,642	-	-	559,240
Shares issued for accounts payable at $0.01 - $0.10 per share	-	-	4,200,000	42,000	-	-	-	96,000	-	-	138,000
Shares authorized for expense at $0.03 per share - not issued	-	-	-	-	9,545	-	-	19,090	-	-	28,635
Shares authorized for payment of accounts payable at $0.21 per share - not issued	-	-	-	-	56	-	-	1,115	-	-	1,171
Net loss for the year ended December 31, 2003	-	-	-	-	-	-	-	-	-	(1,361,753)	(1,361,753)
Balance, December 31, 2003 (Unaudited)	168,434	1,684	33,410,364	334,104	13,957	-	(1,000)	12,934,463	(3,333,785)	(13,615,235)	(3,665,812)
Shares issued for cash at $0.036-$0.15 per share	-	-	770,000	7,700	-	-	-	57,420	-	-	65,120
Shares issued for accounts payable at $0.05-$0.23 per share	-	-	391,939	3,919	-	-	-	27,306	-	-	31,225
Shares issued for expenses at $0.04-$0.23 per share	-	-	1,910,604	19,106	(9,203)	-	-	108,325	-	-	118,228
Authorized shares issued	-	-	5,571	56	(56)	-	-	-	-	-	-
Shares issued for settlement of liabilities	-	-	152,142	1,521	-	-	-	36,514	-	-	38,035
Net loss for the year ended December 31, 2004	-	-	-	-	-	-	-	-	-	(632,293)	(632,293)
Balance of December 31, 2004 (Unaudited)	168,484	1,684	36,640,620	366,406	4,698	-	(1,000)	13,164,028	(3,333,785)	(14,247,528)	(4,045,497)
Shares issued for cash at $0.028-$0.25 per share	-	-	1,790,000	17,900	-	-	-	254,726	-	-	272,626
Shares issued for expenses at $0.25 per share	-	-	92,500	925	-	-	-	22,200	-	-	23,125
Net loss for the year ended December 31, 2005	-	-	-	-	-	-	-	-	-	(736,913)	(736,913)

Balance, December 31, 2005 (Unaudited)	168,434	1,684	38,523,120	385,231	4,698	-	(1,000)	13,440,954	(3,333,785)	(14,984,441)	(4,486,659)
Shares issued for general and administrative expenses at $0.25 per share	-	-	2,788	29	-	-	-	669	-	-	698
Shares issued for cash at $0.25 per share	-	-	586,000	5,860	-	-	-	140,640	-	-	146,500
Shares issued for accounts payable at $0.25 per share	-	-	71,956	719	-	-	-	17,270	-	-	17,989
Compensation expense from issuance of stock options	-	-	-	-	-	-	-	43,653	-	-	43,653
Net loss for the year ended December 31, 2006	-	-	-	-	-	-	-	-	-	(850,440)	(850,440)
Balance, December 31, 2006 (Unaudited)	168,434	$ 1,684	39,183,864	$ 391,839	$ 4,698	$ -	$ (1,000)	$ 13,643,186	$ (3,333,785)	$ (15,834,881)	$ (5,128,259)

See accompanying notes to financial statements.

KLEVER MARKETING, INC.
(A Development Stage Company)
Statements of Stockholders' Equity (Deficit) (Continued)
From Inception of the Development Stage on July 5, 1996 Through December 31, 2013
(UNAUDITED)

	Preferred Stock		Common Stock		Common Stock to be	Subscription	Treasury	Paid in Capital in Excess of Par	Retained	Deficit Accumulated During Development	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Issued	Receivable	Stock	Value	Deficit	Stage	(Deficit)
Balance, December 31, 2006 (Unaudited)	168,434	$ 1,684	39,183,864	$ 391,839	$ 4,698	$ -	$ (1,000)	$ 13,643,186	$ (3,333,785)	$ (15,834,881)	$ (5,128,259)
Shares issued for general and administrative expenses at $0.03-$0.05 per share	-	-	450,000	4,500	-	-	-	13,000	-	-	17,500
Shares issued for cash at $0.25 per share	-	-	1,090,000	10,900	-	-	-	261,600	-	-	272,500
Shares issued for accounts payable at $0.25 per share	-	-	67,988	680	-	-	-	16,315	-	-	16,995
Shares issued for notes payable at $0.25 per share	-	-	8,281,016	82,810	-	-	-	1,987,444	-	-	2,070,254
Shares issued for accrued interest at $0.25 per share	-	-	62,101	621	-	-	-	14,905	-	-	15,526
Shares returned to treasury and cancelled	-	-	(2,416,666)	(24,167)	-	-	-	24,167	-	-	-
Compensation expense from issuance of stock options	-	-	-	-	-	-	-	19,891	-	-	19,891
Net income for the year ended, December 31, 2007	-	-	-	-	-	-	-	-	-	1,563,898	1,563,898
Balance, December 31, 2007 (Unaudited)	168,434	1,684	46,718,303	467,183	4,698	-	(1,000)	15,980,508	(3,333,785)	(14,270,983)	(1,151,695)
Preferred stock issued as dividends	119,161	1,192	-	-	-	-	-	(1,192)	-	-	-
Stock cancellation	-	-	(5,170,000)	(51,700)	-	-	-	51,700	-	-	-
Shares issued for cash at $0.05 per share	-	-	700,000	7,000	-	(23,000)	-	28,000	-	-	12,000
Authorized shares issued	-	-	-	-	(4,698)	-	-	4,698	-	-	-
Net income for the year ending December 31, 2008	-	-	-	-	-	-	-	-	-	95,917	95,917
Balance, December 31, 2008 (Unaudited)	287,595	2,876	42,248,303	422,483	-	(23,000)	(1,000)	16,063,714	(3,333,785)	(14,175,066)	(1,043,778)
Cash received from shares issued in prior year	-	-	-	-	-	23,000	-	-	-	-	23,000
Common stock issued for cash at $0.30 per share	-	-	1,500,093	15,001	-	-	-	435,027	-	-	450,028
Common stock issued for services at $0.25 per share	-	-	150,000	1,500	-	-	-	36,000	-	-	37,500
Stock cancellation (Note 6)	-	-	(400,000)	(4,000)	-	-	-	(11,556)	-	-	(15,556)
Common stock issued in lieu of debt at $0.30 per share	-	-	80,734	807	-	-	-	23,413	-	-	24,220
Common stock issued in for services at $0.30 per share	-	-	11,000	110	-	-	-	3,190	-	-	3,300
Compensation expense from issuance of stock options	-	-	-	-	-	-	-	2,121	-	-	2,121

Net loss for the year ending December 31, 2009	-	-	-	-	-	-	-	-	-	(555,411)	(555,411)
Balance, December 31, 2009	287,595	$ 2,876	43,590,130	$ 435,901	$ -	$ -	$ (1,000)	$ 16,551,909	$ (3,333,785)	$ (14,730,477)	$ (1,074,576)
Cash received from shares issued in prior year	-	-	-	-	-		-	-	-	-	-
Common stock issued for cash at $0.15 per share	-	-	500,000	5,000	-	-	-	70,000	-	-	75,000
Common stock issued for services at $0.06 per share to a perspective lender			150,000	1,500				7,500			9,000
Common stock issued for services at $0.15 per share	-	-	1,150,000	11,500	-	-	-	161,000	-	-	172,500
Common stock issued for services at $0.20 per share	-	-	33,938	339	-	-	-	6,449	-	-	6,788
Common stock issued for services at $0.25 per share	-	-	60,000	600	-	-	-	14,400	-	-	15,000
Common stock issued in lieu of debt at $0.25 per share	-	-	437,572	4,376	-	-	-	105,017	-	-	109,393
Services contributed by officers	-	-		-	-	-	-	60,000	-	-	60,000
Accrual for preferred stock dividend								(385,144)			(385,144)
Issuance of warrants for services	-	-	-	-	-	-	-	3,870	-	-	3,870
Net Profit for the year ending December 31, 2010	-	-	-	-	-	-	-	-	-	(393,001)	(393,001)
Balance, December 31, 2010	287,595	$ 2,876	45,921,640	$ 459,216	$ -	$ -	$ (1,000)	$ 16,595,001	$ (3,333,785)	$ (15,123,478)	$ (1,401,170)

See accompanying notes to financial statements.

KLEVER MARKETING, INC.

(A Development Stage Company)

Statements of Stockholders' Equity (Deficit) (Continued)

From Inception of the Development Stage on July 5, 1996 Through December 31, 2013

(UNAUDITED)

	Preferred Stock		Common Stock		Common Stock to be	Subscription	Treasury	Paid in Capital in Excess of Par	Retained	Deficit Accumulated During Development	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Issued	Receivable	Stock	Value	Deficit	Stage	(Deficit)
Balance, December 31, 2010	287,595	$ 2,876	45,921,640	$ 459,216	$ -	$ -	$ (1,000)	$ 16,595,001	$ (3,333,785)	$ (15,123,478)	$ (1,401,170)
Common stock issued for cash at $0.15 per share	-	-	250,000	2,500	-		-	35,000	-	-	37,500
Stock cancellation	-	-	(1,150,000)	(11,500)	-	-	-	(147,500)	-	-	(159,000)
Common stock issued for accounts payable at $0.1346 per share	-	-	50,000	500	-	-	-	6,230	-	-	6,730
Common stock issued for stock deposit at $0.25 per share	-	-	44,000	440	-	-	-	10,560	-	-	11,000
Common stock issued for accounts payable at $0.20 per share	-	-	1,688	17	-	-	-	321	-	-	338
Common stock issued for services at $0.20 per share	-	-	938	9	-	-	-	178	-	-	187
Common stock issued for services at $0.15 per share	-	-	84,667	847	-	-	-	11,852	-	-	12,699
Common stock issued for services at $0.10 per share	-	-	300,000	3,000	-	-	-	27,000	-	-	30,000
Common stock issued for accounts payable at $0.25 per share	-	-	10,000	100	-	-	-	2,400	-	-	2,500
Preferred stock issued as dividends	24,964	250	-	-	-	-	-	384,894	-	-	385,144
Accrual for preferred stock dividend	-	-	-	-	-	-	-	(323,968)	-	-	(323,968)
Due from related party payable in common stock	-	-	-	-	-	(16,100)	-		-	-	(16,100)
Net income for the year ending December 31, 2011 (Restated)	-	-	-	-	-	-	-	-	-	179,540	179,540
Balance, December 31, 2011 (Restated)	312,559	$ 3,126	45,512,933	$ 455,129	$ -	$ (16,100)	$ (1,000)	$ 16,601,968	$ (3,333,785)	$ (14,943,938)	$ (1,234,600)

See accompanying notes to financial statements.

KLEVER MARKETING, INC.

(A Development Stage Company)

Statements of Stockholders' Equity (Deficit) (Continued)

From Inception of the Development Stage on July 5, 1996 Through December 31, 2013

(UNAUDITED)

	Preferred Stock		Common Stock		Common Stock to be	Subscription	Treasury	Paid in Capital in Excess of Par	Retained	Deficit Accumulated During Development	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Issued	Receivable	Stock	Value	Deficit	Stage	(Deficit)
Balance, December 31, 2011	312,559	$ 3,126	45,512,933	$ 455,129	$ –	$ (16,100)	$ (1,000)	$ 16,601,968	$ (3,333,785)	$ (14,943,938)	$ (1,234,600)
Common stock returned and cancelled to satisfy related party receivable	–	–	(161,000)	(1,610)	–	16,100	–	(14,490)	–	–	–
Common stock issued for cash at $0.09 per share	–	–	194,444	1,944	–	–	–	15,556	–	–	17,500
Common stock issued for cash at $0.10 per share	–	–	920,000	9,201	–	–	–	82,049	–	–	91,250
Common stock issued for services at $0.1133 per share	–	–	60,000	600	–	–	–	6,200	–	–	6,800
Common stock issued for cash at $0.125 per share	–	–	100,000	1,000	–	–	–	11,500	–	–	12,500
Common stock option issued for cash	–	–	–	–	–	–	–	750	–	–	750
Issuance of stock options	–	–	–	–	–	–	–	14,420	–	–	14,420
Accrual for preferred stock dividend	–	–	–	–	–	–	–	(115,978)	–	–	(115,978)
Preferred stock issued as dividends	34,351	343	–	–	–	–	–	361,805	–	–	362,148
Net loss for year ended December 31, 2012	–	–	–	–	–	–	–	–	–	(450,571)	(450,571)
Balance, December 31, 2012	346,910	$ 3,469	46,626,377	$ 466,264	$ –	$ –	$ (1,000)	$ 16,963,780	$ (3,333,785)	$ (15,394,509)	$ (1,295,781)

See accompanying notes to financial statements.

KLEVER MARKETING, INC.

(A Development Stage Company)

Statements of Stockholders' Equity (Deficit) (Continued)

From Inception of the Development Stage on July 5, 1996 Through December 31, 2013

(UNAUDITED)

	Preferred Stock		Common Stock		Treasury	Capital in Excess of	Retained	Deficit Accumulated During Development	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Stock	Par Value	Deficit	Stage	(Deficit)
Balance, December 31, 2012	346,910	$ 3,469	46,626,377	$ 466,264	$ (1,000)	$ 16,963,780	$ (3,333,785)	$ (15,394,509)	(1,295,781)
Common Stock issued for accounts payable at $0.08 per share	–	–	66,747	667	–	4,672	–	–	5,339
Issuance of common stock to settle debt obligations and for cash (Note 5)	–	–	1,200,000	12,000	–	48,500	–	–	60,500
Common Stock issued for cash at $0.05 per share	–	–	150,000	1,500	–	6,000	–	–	7,500
Common Stock issued for cash at $0.08 per share	–	–	1,125,000	11,250	–	78,750	–	–	90,000
Common Stock issued for cash at $0.10 per share	–	–	400,000	4,000	–	36,000	–	–	40,000
Common Stock issued for cash at $0.12 per share	–	–	1,100,000	11,000	–	121,000	–	–	132,000
Common Stock issued for services at $0.05 per share	–	–	125,000	1,250	–	5,000	–	–	6,250
Common Stock issued for services at $0.07 per share	–	–	900,000	9,000	–	54,000	–	–	63,000
Accrued compensation forgiven by officers	–	–	–	–	–	404,250	–	–	404,250
Services contributed by officer	–	–	–	–	–	81,000	–	–	81,000
Preferred stock issued as dividends	37,959	380	–	–	–	137,347	–	–	137,727
Accrual for preferred stock dividend	–	–	–	–	–	(59,928)	–	–	(59,928)
Net income	–	–	–	–	–	–	–	521,067	521,067
Balance, December 31, 2013	384,869	$ 3,849	51,693,124	$ 516,931	$ (1,000)	$ 17,880,371	$ (3,333,785)	$ (14,873,442)	$ 192,924

See accompanying notes to financial statements.

KLEVER MARKETING, INC.
(A Development Stage Company)
Statements of Cash Flows

	For the Years Ended December 31, 2013	For the Years Ended December 31, 2012	Unaudited From Inception of Development Stage On July 5, 1996 Through December 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	$ 521,067	$ (450,571)	$ (14,873,442)
Adjustments to reconcile net loss to net cash used by operating activities:			
Stock issued for general and administrative	6,250	6,800	1,283,606
Stock issued for research and development	–	–	62,850
Stock returned for services not rendered	–	–	(391,446)
(Gain) loss on sale/disposal of assets	325	–	(5,170)
Compensation expense from stock options and warrants	–	14,420	110,202
Stock issued for interest	–	–	135,226
Stock issued for accounts payable	–	–	243,458
Deferred income	–	–	(214,000)
Depreciation and amortization	16,446	3,370	1,932,699
Write-off bad debts	–	–	15,000
Debt forgiveness	(818,708)	–	(993,533)
Services contributed by officers	81,000	–	141,000
Changes in operating assets and liabilities:			
Decrease (increase) in due from related parties	–	–	62,281
(Increase) decrease in other assets and prepaids	–	–	89,238
Increase (decrease) in accounts payable	33,375	69,729	567,114
Increase (decrease) in accrued liabilities	12,222	187,888	1,116,588
Net Cash Used by Operating Activities	(148,023)	(168,364)	(10,718,329)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition of equipment	(1,809)	(2,084)	(591,694)
Capitalized software development costs	(66,760)	(100,223)	(336,703)
Proceeds from sale of intangibles	–	–	516,570
Intellectual property development costs	(39,859)	(37,597)	(105,030)
Sale of stock	–	–	12,375
Net Cash Used by Investing Activities	$ (108,428)	$ (139,904)	$ (504,482)

See accompanying notes to financial statements.

KLEVER MARKETING, INC.
(A Development Stage Company)
Statements of Cash Flows (Continued)

	For the Years Ended December 31, 2013	For the Years Ended December 31, 2012	Unaudited From Inception of Development Stage On July 5, 1996 Through December 31, 2013
CASH FLOWS FROM FINANCING ACTIVITIES:			
Stock deposit	$ –	$ –	$ 11,000
Stock subscription received	–	–	23,000
Proceeds from capital stock issued	316,500	122,000	8,051,201
Proceeds from loans	–	–	3,518,202
Proceeds from related party loans	13,450	11,450	24,900
Repayments on related party loans	(24,900)	–	(69,850)
Change in line-of-credit	–	–	4,837
Loan receivables	–	–	(15,000)
Principal payments on lease obligations	–	–	(18,769)
Cash payments on note payable	–	–	(279,730)
Net Cash Provided by Financing Activities	305,050	133,450	11,249,791
NET INCREASE (DECREASE) IN CASH	48,599	(174,818)	26,980
CASH AT BEGINNING OF PERIOD	3,055	177,873	24,674
CASH AT END OF PERIOD	$ 51,654	$ 3,055	$ 51,654
SUPPLEMENTAL DISCLOSURES			
Cash Paid For:			
Interest	$ –	$ –	$ 3,326
Income taxes	$ 100	$ 100	$ 2,041
Non-Cash Transactions for Investing and Financing Activities:			
Common stock issued to pay accounts payable	$ 11,339	$ –	
Accounts payable recorded for capitalized software development costs	$ 1,227	$ –	
Common stock issued for capitalized software development	$ 63,000	$ –	
Common stock issued to pay accrued liabilities	$ 7,500	$ –	
Accrued compensation forgiven by officers	$ 404,250	$ –	
Issuance of common stock to settle debt obligations	$ 30,000	$ –	
Common stock returned to company to pay related party receivable	$ –	$ 16,100	
Accrual for preferred stock dividends payable with preferred shares	$ 59,928	$ 115,978	
Preferred stock issued to pay dividends	$ 137,726	$ 362,148	

See accompanying notes to financial statements.

NOTE 1 – ORGANIZATION

Organization and Description of Business

Klever Marketing, Inc. (the “Company”) was organized under the laws of the State of Delaware in December 1989. The Company was in the development stage from 1989 to 1991. The Company was an operating company from 1992 to December 8, 1993 when it filed petitions for relief under Chapter 11 bankruptcy. The Company was inactive until July 5, 1996 when the Company merged with Klever Kart, Inc. in a reverse merger and changed its name to Klever Marketing, Inc. The Company has been in the development stage since that time.

The Company was formed for the purpose of creating a vehicle to obtain capital, to file and acquire patents, to seek out, investigate, develop, market and distribute an electronic shopping cart for in-store advertising, promotion and media content and retail shopper services, which have potential for profit.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements are as follows:

Accounting Method

The Company’s financial statements are prepared in accordance with US GAAP and reflect all adjustments (all of which are normal and recurring in nature) that, in the opinion of management, are necessary for fair presentation of the financial statements.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with maturities of three months or less to be cash equivalents. The Company did not have any cash equivalents as of and for the years ended December 31, 2013 and 2012.

Valuation of Long-Lived Assets

Long-lived assets such as property and equipment, software, and intangible assets with definite useful lives are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable or in the period in which the held for sale criteria are met. For assets held and used, this analysis consists of comparing the asset’s carrying value to the expected future cash flows to be generated from the asset on an undiscounted basis. If the carrying amount of the asset is determined not to be recoverable, a write-down to fair value is recorded. Fair values are determined based on quoted market values, discounted cash flows, or external appraisals, as applicable. Long-lived assets are reviewed for impairment at the individual asset or the asset group level for which the lowest level of independent cash flows can be identified.

Fixed Assets

Fixed assets consist of property and equipment and capitalized software costs and computer equipment as of December 31, 2013 and 2012.

Property and Equipment

Depreciation and amortization are computed using the straight-line method over the estimated economic useful lives of the related assets as follows:

Computer equipment	3 years
Office furniture and fixtures	5-7 years

Upon sale or other disposition of property and equipment, the cost and related accumulated depreciation or amortization are removed from the accounts and any gain or loss is included in the determination of income or loss.

Expenditures for maintenance and repairs are charged to expense as incurred. Major overhauls and betterments are capitalized and depreciated over their estimated economic useful lives. Depreciation expense was $815 and $319 for the years ended December 31, 2013 and 2012.

Capitalized Software Development

The Company capitalizes software development costs incurred from the time technological feasibility has been obtained until the product is generally released to customers. Amortization of capitalized software begins when the products are available to customers and is done using the straight-line method over the remaining estimated economic life of the product which the Company expects to occur in FYE 2014. The Company achieved technological feasibility with regard to its mobile phone technology during the fourth quarter of 2010. As of December 31, 2013 and 2012, the Company had capitalized software development costs of $422,330 and $291,343, respectively. No amortization was recorded for the years ended December 31, 2013 and 2012.

Revenue Recognition

The Company is currently in the development stage and has no revenues from its operations.

Concentration of Credit Risk

The Company has no significant concentrations of credit risk.

Earnings Per Common Share

The computations of basic and fully diluted earnings per share of common stock are based on the weighted average number of common shares outstanding during the period of the financial statements, plus the common stock equivalents which would arise from the exercise of stock options and warrants outstanding during the period, or the exercise of convertible preferred stock. For the period ended December 31, 2013, common stock equivalents related to the conversion of preferred rights have been included in calculation of diluted earnings per share as shown in the table below. Common stock equivalents have not been included in the computations for the period ended December 31, 2012 because they are anti-dilutive.

Following is a reconciliation of the income (loss) per share for the years ended December 31, 2013 and 2012, respectively:

	Twelve Months Ending December 31,	
	2013	2012
Numerator:		
Income (loss) before extraordinary items	$ 521,067	$ (450,571)
Income from extraordinary items, net of tax	–	–
Net income (loss)	$ 521,067	$ (450,571)
Denominator:		
Weighted-average common shares outstanding		
Basic	49,757,302	46,043,507
Conversion of preferred rights	22,370,432	–
Diluted	72,127,734	46,043,507
Income (loss) per share		
Basic		
Income (loss) before extraordinary items	$ 0.01	$ (0.01)
Income from extraordinary items, net of tax	–	–
Net income (loss)	$ 0.01	$ (0.01)
Diluted		
Income (loss) before extraordinary items	$ 0.01	$ (0.01)
Income from extraordinary items, net of tax	–	–
Net income (loss)	$ 0.01	$ (0.01)

Intangibles

Intangible assets, consisting of patents and trademarks, are amortized on a straight-line basis over 5 years from the date the patent or trademark is issued. Intangible assets with indefinite lives are tested for impairment on an annual basis or when the facts and circumstances suggest that the carrying amount of the assets may not be recovered. At December 31, 2013, intangible assets have a cost of $105,273, accumulated amortization of $18,375, and had a net book value of $86,898. During the year ended December 31, 2012, the Company wrote off intangible assets totaling $775,045 that were fully amortized that were no longer being utilized by the Company. As of December 31, 2012, intangible assets had a cost of $65,721, accumulated amortization of $3,051 and had a net book value of $62,670. Amortization expense of the Company's existing intangible assets over the remaining life of the Company's intangible assets will be $20,945 for the years 2014 to 2016, $17,893 for 2015, and $5,313 for 2016.

Income Taxes

The Company accounts for income taxes pursuant to ASC 740, *Income Taxes* ("ASC 740"). Under this accounting standard, deferred tax assets and liabilities are determined based on temporary differences between the bases of certain assets and liabilities for income tax and financial reporting purposes. The deferred tax assets and liabilities are classified according to the financial statement classification of the assets and liabilities generating the differences. Given the Company's history of losses, the Company maintains a full valuation allowance with respect to any deferred tax assets.

ASC 740 requires a company to determine whether it is more likely than not that a tax position will be sustained upon examination based upon the technical merits of the position. If the more-likely-than-not threshold is met, a company must measure the uncertain tax position to determine the amount to recognize in the financial statements. Our uncertain tax positions relate to certain state tax issues for which we have recorded an estimated current liability for in the accompanying financial statements at December 31, 2013 and December 31, 2012. There has been no significant change in the unrecognized tax benefit through December 31, 2013.

The Company did not have any uncertain tax positions for which it is reasonably possible that the total amount of unrecognized tax benefits will significantly increase or decrease within the next 12 months. The Company includes interest and penalties arising from the underpayment of income taxes in the statements of operations in the provision for income taxes. As of December 31, 2013 and 2012, the Company had $6,423 and $5,328 of accrued interest and penalties related to uncertain tax positions.

Research and Development

The Company continues to develop additional technology which facilitates the use of in-store advertising and coupon services through various technologies. As time and technology have progressed, the system being developed by the Company comprises mobile and other state of the art technology that facilitates retailers and package good companies providing "product specific" point-of-purchase advertising to its customers using proprietary software. The Company is currently developing mobile smart phone technology that will provide similar functionality to the Klever-Kart System.

For the years ended December 31, 2013 and 2012, the Company incurred costs of $2,940 and $7,833 respectively, for research and development of the technology involved with developing its technologies.

Fair Value of Financial Instruments

The Company has adopted ASC 820-10-50, *Fair Value Measurements*. This guidance defines fair value, establishes a three-level valuation hierarchy for disclosures of fair value measurement and enhances disclosure requirements for fair value measures. The three levels are defined as follows: Level 1 inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets. Level 2 inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Level 3 inputs to valuation methodology are unobservable and significant to the fair measurement.

In determining fair value, the Company utilizes observable market data when available, or models that incorporate observable market data. In addition to market information, the Company incorporates transaction-specific details that, in management's judgment, market participants would take into account in measuring fair value.

In arriving at fair-value estimates, the Company utilizes the most observable inputs available for the valuation technique employed. If a fair-value measurement reflects inputs at multiple levels within the hierarchy, the fair-value measurement is characterized based upon the lowest level of input that is significant to the fair-value measurement.

The carrying amounts reported in the accompanying balance sheets as of December 31, 2013 and 2012 for cash and current liabilities each qualify as financial instruments and are a reasonable estimate of fair value because of the short period of time between the origination of such instruments and expected realization and their current market rate of interest.

Recently Issued Accounting Pronouncements

In July 2012, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2012-02, *Intangibles-Goodwill and Other (Topic350): Testing Indefinite-Lived Intangible Assets for Impairment.* This ASU permits an entity the option to first assess qualitative factors to determine whether it is more-likely-than-not that an indefinite-lived intangible asset is impaired. If the qualitative assessment supports the conclusion that it is more-likely-than-not that the fair value of the asset exceeds its carrying amount, the entity would not need to perform the two-step quantitative impairment test. The focus of the guidance is to reduce the cost and complexity of performing impairment tests for indefinite-lived intangible assets other than goodwill, and to improve consistency in impairment testing among long-lived asset categories. This ASU is effective for annual and interim impairment tests performed prior to the issuance of the final ASU, if an entity's financial statements for the most recent annual or interim period have not yet been issued. This ASU did not have a material impact on the Company's consolidated financial statements.

In October 2012, the FASB issued ASU 2012-04, *Technical Corrections and Improvements*. The amendments in this update cover a wide range of topics in the Accounting Standards Codification ("ASC"). These amendments include technical corrections and improvements to the ASC and conforming amendments related to fair value measurements. The amendments in this update were effective for fiscal periods beginning after December 15, 2012. The adoption of ASU 2012-04 did not have a material impact on the Company's consolidated financial statements.

In July 2013, the FASB issued ASU 2013-11, *Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists.* This update provides guidance on when to classify an unrecognized tax benefit, or a portion of an unrecognized tax benefit, as a reduction to a deferred tax asset for: (1) a net operating loss carryforward, (2) a similar tax loss, or (3) a tax credit carryforward in the financial statements. Otherwise, such an unrecognized tax benefit, or a portion of an unrecognized tax benefit, should be classified in the financial statements as a liability. ASU 2013-11 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2013.

The Company does not expect the adoption of this ASU to have a material impact on the Company's consolidated financial statements.

NOTE 3 – GOING CONCERN

As shown in the accompanying financial statements, the Company generated net income of $521,067 during the year ended December 31, 2013. The Company did not generate any revenue from product sales during the years ended December 31, 2013 or December 31, 2012. As of December 31, 2013, the Company's current and total liabilities exceeded its current assets by $318,739. As of December 31, 2013, the Company had $51,654 of cash available on hand.

The Company did make significant progress in improving its financial conditions during the year ended December 31, 2013 by eliminating $1,284,221 of liabilities. This was accomplished by entering into settlement agreements with certain creditors, through management agreeing to forgive certain compensation obligations owed by the Company, and through certain obligations being eliminated as a result of the statute of limitations expiring. However, the Company will require additional funding during the next twelve months to finance the growth of its current operations and achieve its strategic objectives. These factors, as well as the uncertain conditions that the Company faces relative to capital raising activities, create substantial doubt as to the Company's ability to continue as a going concern. The Company is seeking to raise additional capital through private placement offerings and is targeting strategic partners in an effort to finalize the development of its products and begin generating revenues. The Company raised $316,500 through the sale of common stock during the year ended December 31, 2013 and generated net proceeds of $94,485 from settlement of certain patent infringement cases. The ability of the Company to continue as a going concern is dependent upon the success of future capital offerings or alternative financing arrangements and expansion of its operations. The accompanying financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern. Management is actively pursuing additional sources of financing sufficient to generate enough cash flow to fund its operations through 2013. However, management cannot make any assurances that such financing will be secured.

NOTE 4 – ACCRUED LIABILITIES

Accrued liabilities consist of the following as of December 31, 2013 and 2012.

	December 31, 2013	December 31, 2012
Compensation - officers and bookkeeper	$ 28,500	$ 413,250
Compensation - former employees	–	441,764
Interest	–	133,634
Taxes	37,224	36,129
	$ 65,724	$ 1,024,777

NOTE 5 – NOTES PAYABLE

Notes payable consisted of the following as of December 31, 2013 and 2012:

	December 31, 2013	December 31, 2012
Related party notes payable		
0% notes payable to a company controlled by the Company's CEO. Due on demand.	$ –	$ 3,000
0% note payable to the Company's COO. Due on demand.	–	8,450
Total related party notes payable	–	11,450
Third party notes payable		
8% note payable to an individual. Due on demand.	–	15,000
Total third party notes payable	–	15,000
Total notes payable	$ –	$ 26,450

During the year ended December 31, 2012, the Company’s CEO and CFO provided cash advances to cover certain operating expenses totaling $11,450. These advances are non-interest bearing and are due on demand.

NOTE 6 – INCOME TAXES

The components of income tax expense are as follows for the years ended December 31, 2013 and 2012, respectively.

	December 31, 2013	December 31, 2012
Current	$ 1,196	$ 6,328
Deferred	–	–
Total	$ 1,196	$ 6,328

The Company’s deferred income tax asset and the related valuation allowance are as follows at December 31, 2013 and 2012, respectively. The deferred tax asset was calculated using a U.S. statutory tax rate of 34%.

	December 31, 2013	December 31, 2012
Deferred tax assets - current:		
Accrued interest	$ –	$ 49,846
Accrued compensation	10,631	154,142
	10,631	203,988
Deferred tax assets - long-term:		
Net operating loss carryforwards	5,095,725	5,287,836
Total deferred income tax assets	5,106,356	5,491,824
Valuation allowance	(5,106,356)	(5,491,824)
Total	$ –	$ –

A reconciliation of provision (benefit) for income taxes provided at the federal statutory rate (34% for fiscal years 2012 and 2011) to actual provision for income taxes is as follows:

	December 31, 2013	December 31, 2012
Benefit (provision) for income taxes computed at federal statutory rate	$ (177,569)	$ 151,043
State income taxes, net of federal benefit	(17,235)	14,660
NOL's utilized	182,773	–
Expiring NOL's	256,461	–
Other	139,842	118,091
Valuation allowance	(385,468)	(290,122)
Provision for Income taxes	$ (1,196)	$ (6,328)
Effective tax rate	-0.23%	1.42%

As of December 31, 2013, the Company had net operating loss carry-forwards for federal income tax reporting purposes of approximately $14.1 million that may be offset against future taxable income through 2032. The Company has state net operating loss carry-forwards of $4.5 million that may be offset against future taxable income through 2027. Current tax laws limit the amount of loss available to be offset against future taxable income when a substantial change in ownership occurs. Therefore, the amount available to offset future taxable income may be limited. No tax benefit has been reported in the financial statements because the Company believes there is a 50% or greater chance that the carry-forwards will expire unused. Accordingly, the potential tax benefits of the loss carry-forwards are offset by a valuation allowance of the same amount.

The Company files income tax returns in the U.S. federal and Utah jurisdictions. Tax years 2010 to current remain open to examination by U.S. federal and state tax authorities.

NOTE 7 – PREFERRED STOCK

Authorized Shares

In accordance with the Company’s bylaws, the Company has authorized a total of 2,000,000 shares of preferred stock with $0.01 par value for all classes. As of December 31, 2013 and 2012, there were 384,869 and 346,910 preferred shares issued and outstanding, respectively. As of December 31, 2013, all of the Company’s outstanding preferred shares are owned by a Company that is controlled by the Company’s CEO.

Preferred Stock Dividends

As of December 31, 2013 and 2012, the Company had accrued and unpaid preferred stock dividends totaling $0 and $77,978 relating to dividends for the years ended December 31, 2013 and 2012, respectively.

Class A Voting Preferred Stock

The Company has 150,000 shares of "Class A Voting Preferred Stock" ("Class A Shares") authorized. As of December 31, 2013 and 2012, there were 124,531 and 112,249 Class A Shares outstanding, respectively. The Class A Shares are convertible into 99.035 shares of common stock. Holders of Class A Shares are entitled to receive dividends at the rate of $2.20 per share per annum, payable semi-annually. Dividends are cumulative and may be paid in cash or in kind through the distribution of .0425 Class A Shares, Series 1, for each outstanding Class A Share, on each dividend payment date. Class A Shares carry a liquidation preference of $26.00 per share plus any accrued but unpaid dividends on such shares, if any, and adjusted for combinations, splits, dividends or distributions of shares of stock with respect to such shares. Class A shares are redeemable by the Company, in whole or in part, at the option of the Board of Directors of the Company, at any time.

Class B Voting Preferred Stock

The Company has 125,000 shares of "Class B Voting Preferred Stock" ("Class B Shares") authorized. As of December 31, 2013 and 2012, there were 94,383 and 85,075 Class B Shares outstanding, respectively. The Class B Shares are convertible into 64.754 shares of common stock. Holders of Class B Shares are entitled to receive dividends at the rate of $1.70 per share per annum, payable semi-annually. Dividends are cumulative and may be paid in cash or in kind through the distribution of .0425 Class B Shares for each outstanding Class B Share, on each dividend payment date. Class B Shares carry a liquidation preference of $17.00 per share plus any accrued but unpaid dividends on such shares, if any, and adjusted for combinations, splits, dividends or distributions of shares of stock with respect to such shares. Class B shares are redeemable by the Company, in whole or in part, at the option of the Board of Directors of the Company, at any time.

Class C Voting Preferred Stock

The Company has 200,000 shares of "Class C Voting Preferred Stock" ("Class C Shares") authorized. As of December 31, 2013 and 2012, there were 165,955 and 149,586 Class C Shares outstanding, respectively. The Class C Shares are convertible into 25.140 shares of common stock. Holders of Class C Shares are entitled to receive dividends at the rate of $0.66 per share per annum, payable semi-annually. Dividends are cumulative and may be paid in cash or in kind through the distribution of .0425 Class C Shares for each outstanding Class C Share, on each dividend payment date. Class C Shares carry a liquidation preference of $6.60 per share plus any accrued but unpaid dividends on such shares, if any, and adjusted for combinations, splits, dividends or distributions of shares of stock with respect to such shares. Class C shares are redeemable by the Company, in whole or in part, at the option of the Board of Directors of the Company, at any time.

NOTE 8 – COMMON STOCK

2013 Common Stock Issuances

During the year ended December 31, 2013, the Company issued 1,200,000 shares of restricted common stock and a shareholder contributed 1,000,000 free trading shares into an escrow account to settle certain debt obligations and to raise $47,000 of capital. In connection with the same transaction, 450,000 shares of free trading common stock that had a value of $13,500 were issued to certain creditors to settle outstanding debt obligations totaling $549,721 and investors paid $47,000 for 550,000 free trading common shares as more fully described in Note 10.

During the year ended December 31, 2013, the Company issued 2,775,000 shares of restricted common stock for $269,500 in cash to third party investors.

During the year ended December 31, 2013, the Company issued 66,747 shares of restricted common stock to pay for $5,339 of accounts payable obligations.

During the year ended December 31, 2013, the Company issued 1,025,000 share of restricted common stock for software development services valued at $69,250.

2012 Common Stock Issuances and Cancellations

On February 22, 2012, the Company issued 250,000 shares of common stock at $0.15 per share to an investor resulting in cash proceeds to the Company of $37,500.

On March 12, 2012, the Company sold 194,444 shares of restricted common stock for $0.09 per share to an individual for $17,500.

From March 12, 2012 to November 1, 2012, the Company sold 920,000 shares of restricted common stock for $0.10 per share to individuals for $91,250.

On May 8, 2012, the Company issued 60,000 shares of restricted common stock for consulting services valued at $6,800 or $0.113 per share.

On June 13, 2012, the Company sold 100,000 shares of restricted common stock for $0.125 per share to individuals for $12,500.

On February 27, 2012, the son of the Company's CEO returned 161,000 shares of restricted common stock to the Company to satisfy a $16,100 related party receivable.

NOTE 9 - STOCK OPTIONS AND WARRANTS

The shareholders adopted the 1998 Stock Incentive Plan (the "Plan"). The Plan reserves 20,000,000 shares of common stock for issuance upon the exercise of options which may be granted from time-to-time to officers, directors and certain employees and consultants of the Company or its subsidiaries. The Plan permits the award of both qualified and non-qualified incentive stock options. The Company did not grant any stock options during the year ended December 31, 2013. During the year ended December 31, 2012, the Company granted certain stock options to third party consultants. The Company also issued 125,000 stock options to a third party investor in connection with the Company selling common stock for cash as more fully described in Note 7 to the financial statements. The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the weighted average assumptions noted below:

	December 31	
Assumption	**2013**	**2012**
Dividend yield	–	–
Weighted average volatility	–	476.77%
Risk-free interest rate	–	0.18%
Expected life (years)	–	0.62

The summary of option activity for the years ended December 31, 2013 and 2012 is presented below:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Life (years)
Balance as of December 31, 2011	–	–	–
Granted	285,000	0.08	0.25
Exercised	–	–	–
Canceled	–	–	–
Expired	(160,000)	0.10	–
Balance as of December 31, 2012	125,000	0.06	0.25
Granted		–	–
Exercised		–	–
Canceled		–	–
Expired	(125,000)	0.06	–
Balance as of December 31, 2013	–	–	–

The weighted average grant-date fair value of options granted during the year ended December 31, 2012 was $0.09. The Company did not issue any stock options during the year ended December 31, 2013. There were no stock options outstanding as of December 31, 2013.

The estimated fair value of the Company's stock options is amortized over the options' vesting period on the straight-line basis. The Company recognized the following the equity-based compensation expense and benefits during the year ended December 31, 2013 and 2012:

	December 31	
	2013	2012
Stock-based compensation expense	$ –	$ 14,420

NOTE 10 – DEBT FORGIVENESS

The Company had certain claims against it for unpaid salary and benefits due to former officers and employees that existed on the balance sheet as accrued liabilities as of December 31, 2012. During the year ended December 31, 2013, management worked to reduce the Company's total liabilities. As a result, the Company settled certain debt obligations using stock, cash, and certain obligations where the statute of limitations was believed to have run as described below.

Debts Settled for Stock via Escrow Account

During the year ended December 31, 2013, the Company entered into an agreement with an existing shareholder, four creditors, and two investors whereby the Company contributed 1,200,000 shares of its restricted common stock, the existing shareholder contributed 1,000,000 free trading shares of the Company's common stock, the creditors contributed the rights to $549,721 of outstanding debts owed by the Company, and two third party investors contributed $47,000 of cash into an escrow account held by the Company's stock transfer agent. In exchange for the contributions made by each party, the existing shareholder received 1,200,000 shares of restricted common stock, the four creditors received 450,000 shares of free trading common stock valued at $13,500, the third party investors received 550,000 shares of the Company's free trading common stock, and the Company received $47,000 in cash and settlement of $549,721 in outstanding debts resulting in a gain on Forgiveness of Debt totaling $536,221.

Debts Settled for Cash

During the year ended December 31, 2013, the Company entered into settlement agreements with three creditors whereby the Company made cash payments totaling $25,450 in exchange for full settlement of $226,432 of outstanding liabilities. The Company recorded a gain on Forgiveness of Debt totaling $200,982 in connection with these transactions.

Debts Where Statute of Limitations Has Most Likely Barred Such Claims

During the year ended December 31, 2013, the Company also wrote off $81,504 of obligations where the statute of limitations was believed to have run. It should be noted the statute of limitations is an affirmative defense that can only be definitively determined applicable by judicial ruling. However, the Company is reasonably certain based upon review by its legal counsel that a statute of limitations defense would bar the debts deemed discharged herein by the statute.

The settlement of these obligations coupled with the settlement of the obligations described above resulted in the Company recording a gain on Forgiveness of Debt totaling $818,708.

Contributed Services

During the year ended December 31, 2013, the Company's officers agreed to forgive $404,250 of compensation related to prior years that was owed to them and contribute the value of those services to the Company. As a result, the Company recorded an addition to paid-in capital for this amount.

For the six months ended June 30, 2013, the Company's officers agreed to not take any compensation which resulted in the Company recording $81,000 in contributed services for that period.

NOTE 11 – LITIGATION AND CONTINGENT LIABILITIES

Various creditors of the Company have potential claims against the Company for unpaid invoices relating to services provided to the Company. The amount of unpaid bills over 90 days old that exist within accounts payable on the balance sheet is $282,422 and $437,930 as of December 31, 2013 and 2012, respectively.

NOTE 12 – RELATED PARTY TRANSACTIONS

The Company periodically receives funding from its CEO and CFO to fund operating costs of the Company. These individuals or companies they control advanced to the Company $0 and $11,450 during the years ended December 31, 2013 and 2012, respectively. All of the 2012 advances were repaid by the Company during the year ended December 31, 2013. Advances made by these individuals are reported in the Company's Balance Sheets under the heading "Related Party Notes Payable".

The Company's CEO and the bookkeeper who is the wife of the CEO provide consulting services to the Company through companies controlled by the individuals. During the years ended December 31, 2013 and 2012, the Company recorded $180,000 in wages as compensation for the services provided by these individuals to the Company. The Company's CEO agreed to forgive $243,000 of the amounts owed for the two years ended December 31, 2013. The Company paid $79,500 and $18,000 owed to the CEO and bookkeeper during the years ended December 31, 2013 and 2012, respectively.

During 2011, the son of the Company's CEO provided product development services to the Company. During the year ended December 31, 2011, the Company issued 300,000 common shares valued at $30,000 to this individual for services rendered. As of December 31, 2011, the CEO's son owed the Company back 161,000 shares of common stock because he is not employed with the Company on a full-time basis. The shares were valued at $0.10 per share or $16,100 and the Company recorded the receivable as a component of equity in their December 31, 2011 balance sheet. The shares were returned to the Company and cancelled during the year ended December 31, 2012.

NOTE 13 – COMMITMENTS

Consulting Agreements

The Company has entered into numerous short term consulting agreements. The agreements are for various services comprising technical and supervisory services for the development of its mobile applications, general business, marketing and financial services, and management consulting, shareholder information and public relations services. The agreements call for payments to be made on a monthly or hourly basis ranging from $1,000 to $5,500 per month. Certain agreements have performance bonuses compensated with stock options upon successful completion of specific milestones.

NOTE 14 – LITIGATION SETTLEMENT

During the second quarter of 2013, the Company filed lawsuits against certain defendants for infringement against patents owned by the Company. During the six months ended December 31, 2013, the Company entered into a settlement agreement with four of the defendants and received $94,485 in net proceeds from the settlements.

NOTE 15 – SUBSEQUENT EVENTS

In January 2014, the Company settled two outstanding patent lawsuits whereby the Company received $27,500 of proceeds net of associated legal costs.

Exhibit 31.1

Section 302 Certifications

I, Paul G. Begum, certify that:

1. I have reviewed this annual report on form 10-K of Klever Marketing, 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 small business issuer as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in the Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in the 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 small business issuer is made known to us by others, particularly during the period in which this report is being prepared;

b. Designed such disclosure control over financial reporting, or caused such internal control over financial reporting got 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 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 and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's issuer'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 small business issuer'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 issuer's internal control over financial reporting.

Date: March 17, 2014

By: /s/ Paul G Begum
Paul G. Begum
(Principal Executive Officer)

Exhibit 31.2

Section 302 Certifications

I, Robert Campbell, certify that:

1. I have reviewed this annual report on form 10-K of Klever Marketing, 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 small business issuer as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in the Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in the 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 small business issuer is made known to us by others, particularly during the period in which this report is being prepared;

b. Designed such disclosure control over financial reporting, or caused such internal control over financial reporting got 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 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 and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's issuer'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 small business issuer'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 issuer's internal control over financial reporting.

Date: March 17, 2014

By: /s/ Robert Campbell
Robert Campbell
(Principal Financial Officer)

Exhibit 32.1

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

In connection with the Annual Report of Klever Marketing, Inc. (the “Company”) on Form 10-K for the year ending December 31, 2013 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Paul G. Begum Chairman and Principal Executive Officer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 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; and

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

By: /s/ Paul G Begum
Paul G. Begum
(Principal Executive Officer)

March 17, 2014

Exhibit 32.2

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

In connection with the Annual Report of Klever Marketing, Inc. (the "Company") on Form 10-K/A for the year ending December 31, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Paul G. Begum Chairman and Principal Executive Officer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 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; and

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

By: /s/ Robert Campbell
Robert Campbell
(Principal Financial Officer)

March 17, 2014