UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2014

☐ **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: 0-53944

VIRTUAL PIGGY, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**35-2327649**
(State or Other Jurisdiction of Incorporation or Organization)	(IRS Employer Identification No.)

1221 Hermosa Avenue, Suite 210
Hermosa Beach, CA 90254

(Address of principal executive offices) (Zip Code)

(310) 853-1950

(Registrant's telephone number, including area code)

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

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

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

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

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer (Do not check if a smaller reporting company)	☐	Smaller reporting company	☐

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 117,117,626 shares of common stock outstanding at October 28, 2014.

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

Virtual Piggy, Inc.

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Virtual Piggy, Inc.
Balance Sheets

	September 30, 2014 (Unaudited)	December 31, 2013 (Audited)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 2,431,915	$ 1,752,461
Accounts receivable	2,356	1,000
Insurance receivable	-	4,325
Prepaid expenses	446,806	220,908
TOTAL CURRENT ASSETS	2,881,077	1,978,694
PROPERTY AND EQUIPMENT		
Computer equipment	106,250	89,021
Furniture and fixtures	99,710	57,238
Leasehold improvements	75,135	-
	281,095	146,259
Less: accumulated depreciation	(73,379)	(41,544)
	207,716	104,715
OTHER ASSETS		
Deposit	248,649	118,118
Patents and trademarks, net of accumulated amortization of $71,584 and $42,129	769,212	739,657
	1,017,861	857,775
TOTAL ASSETS	$ 4,106,654	$ 2,941,184
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 1,211,658	$ 2,149,681
Embedded derivative liability	3,943,850	-
Preferred stock dividend liability	439,397	-
Notes payable, net of discount of $0 and $86,087	-	913,913
TOTAL CURRENT LIABILITIES	5,594,905	3,063,594
CONTINGENCIES		
STOCKHOLDERS' EQUITY (DEFICIT)		
Preferred stock, $.0001 par value; 2,000,000 shares authorized; 108,600 shares issued and outstanding at September 30, 2014 and none issued and outstanding at December 31, 2013	11	-
Common stock, $ .0001 par value; 180,000,000 shares authorized; 117,117,626 and 111,396,768 shares issued and outstanding at September 30, 2014 and December 31, 2013	11,712	11,140
Additional paid in capital	50,795,400	35,318,751
Accumulated deficit	(52,341,694)	(35,450,446)
Cumulative translation adjustment	46,320	(1,855)
STOCKHOLDERS' EQUITY (DEFICIT)	(1,488,251)	(122,410)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 4,106,654	$ 2,941,184

See accompanying notes to these financial statements.

Virtual Piggy, Inc.
Statements of Operations
For the Three and Nine Months Ended September 30, 2014 and 2013
(Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2014	2013	2014	2013
SALES	$ 736	$ 1,382	$ 2,414	$ 1,528
OPERATING EXPENSES				
Sales and marketing	1,195,440	3,049,709	3,882,869	5,058,796
Product development	871,093	742,425	2,575,665	1,823,560
Integration and customer support	281,409	178,482	656,550	497,538
General and administrative	1,555,652	1,329,175	4,057,491	3,512,943
Strategic consulting	251,533	10,244	531,581	484,599
Total operating expenses	4,155,127	5,310,035	11,704,156	11,377,436
NET OPERATING LOSS	(4,154,391)	(5,308,653)	(11,701,742)	(11,375,908)
OTHER INCOME (EXPENSE)				
Interest income	1,959	3,167	5,900	9,481
Interest expense	-	-	(94,565)	-
Change in fair value of embedded derivative liability	1,194,600	-	1,193,975	-
	1,196,559	3,167	1,105,310	9,481
NET LOSS	(2,957,832)	(5,305,486)	(10,596,432)	(11,366,427)
Less: Deemed dividend distributions	-	-	(5,855,419)	-
Less: Accrued preferred dividends	(439,397)	-	(439,397)	-
NET LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS	$ (3,397,229)	$ (5,305,486)	$ (16,891,248)	$ (11,366,427)
BASIC AND DILUTED NET LOSS PER COMMON SHARE	$ (0.03)	$ (0.05)	$ (0.15)	$ (0.11)
BASIC AND DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	117,117,626	111,372,435	116,325,785	106,477,739

See accompanying notes to these financial statements.

Virtual Piggy, Inc.
Statements of Comprehensive Loss
For the Three and Nine Months Ended September 30, 2014 and 2013
(Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2014	2013	2014	2013
NET LOSS	$ (2,957,832)	$ (5,305,486)	$ (10,596,432)	$ (11,366,427)
OTHER COMPREHENSIVE INCOME				
Foreign Currency Translation Adjustments, net of tax	93,227	-	48,175	-
TOTAL OTHER COMPREHENSIVE INCOME, net of tax	93,227	-	48,175	-
COMPREHENSIVE LOSS	$ (2,864,605)	$ (5,305,486)	$ (10,548,257)	$ (11,366,427)

See notes to accompanying notes to these financial statements.

Virtual Piggy, Inc.
Statement of Changes in Stockholders' Equity (Deficit)
For the Periods from January 1, 2014 to September 30, 2014

	Preferred Stock		Common Stock		Additional		Cumulative	
	Number of Shares	Amount	Number of Shares	Amount	Paid-In Capital	Accumulated Deficit	Translation Adjustment	Total
Balance December 31, 2013	-	$ -	111,396,768	$ 11,140	$ 35,318,751	$ (35,450,446)	$ (1,855)	$ (122,410)
Issuance of shares of convertible preferred stock and 10,860,000 warrants through private placement at $1.00 per unit	108,600	11	-	-	5,722,164	-	-	5,722,175
Issuance of shares of common stock from exercise of warrants through warrant exchange offering at $.50 per share	-	-	5,042,287	504	2,520,639	-	-	2,521,143
Exercise of stock options	-	-	100,000	10	74,990	-	-	75,000
Exercise of warrants	-	-	278,571	28	139,258	-	-	139,286
Revaluation of options and warrants	-	-	-	-	136,663	-	-	136,663
Issuance of equity for services	-	-	300,000	30	1,201,200	-	-	1,201,230
Deemed dividend distribution in conjunction with Series A Preferred offering	-	-	-	-	5,137,825	(5,137,825)	-	-
Deemed dividend distribution in conjunction with warrant exchange offering	-	-	-	-	717,594	(717,594)	-	-
Stock issuance costs	-	-	-	-	(173,684)	-	-	(173,684)
Accrued preferred dividend	-	-	-	-	-	(439,397)	-	(439,397)
Net loss	-	-	-	-		(10,596,432)	-	(10,596,432)
Cumulative translation adjustment	-	-	-	-	-	-	48,175	48,175
Balance September 30, 2014 (unaudited)	108,600	$ 11	117,117,626	$ 11,712	$ 50,795,400	$ (52,341,694)	$ 46,320	$ (1,488,251)

See accompanying notes to these financial statements.

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Virtual Piggy, Inc.
Statements of Cash Flows
For the Nine Months Ended September 30, 2014 and 2013
(Unaudited)

	Nine Months Ended September 30, 2014	Nine Months Ended September 30, 2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (10,596,432)	$ (11,366,427)
Adjustments to reconcile net loss to net cash used in operating activities		
Fair value of warrants issued in exchange for services	-	549,915
Fair value of options issued in exchange for services and extension of warrants	956,893	816,261
Fair value of stock issued in exchange for services	381,000	49,071
Change in fair value of embedded derivative liability	(1,193,975)	-
Accretion of discount on notes payable	86,087	-
Depreciation and amortization	68,468	40,091
Loss on disposal of fixed assets and abandonment of patents	126,626	-
(Increase) decrease in assets		
Accounts receivable	(1,356)	(902)
Insurance receivable	4,325	75,000
Prepaid expenses	(225,898)	(180,271)
Deposits	(130,531)	1,490
Increase (decrease) in liabilities		
Accounts payable, accrued expenses and litigation settlement	(1,377,420)	238,602
Increase in preferred stock dividend liability	439,397	-
Net cash used in operating activities	(11,462,816)	(9,777,170)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(154,088)	(36,591)
Patent and trademark costs	(173,562)	(261,693)
Net cash used in investing activities	(327,650)	(298,284)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of note payable - stockholders	(1,000,000)	-
Proceeds from issuance of preferred stock and warrants	10,860,000	-
Proceeds from issuance of common stock	-	6,070,595
Proceeds from exercise of options	75,000	185,000
Proceeds from exercise of warrants	2,660,429	1,427,595
Stock issuance costs	(173,684)	(395,221)
Net cash provided by financing activities	12,421,745	7,287,969
EFFECT OF EXCHANGE RATE ON CASH	48,175	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	679,454	(2,787,485)
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	1,752,461	7,371,036
CASH AND CASH EQUIVALENTS - END OF PERIOD	$ 2,431,915	$ 4,583,551
SUPPLEMENTAL SCHEDULE OF NON-CASH FINANCING ACTIVITIES:		
Interest paid	$ 8,478	$ -
Fair value of beneficial conversion value as discount against Preferred Stock	$ 5,137,825	$ -
Fair value of warrant liability as discount against Preferred Stock	$ 5,137,825	$ -
Accretion of discount on preferred stock as deemed distribution	$ 5,137,825	$ -
Deemed dividend distribution in conjunction with warrant exchange.	$ 717,594	$ -
Accrued preferred dividend	$ 439,397	$ -

See accompanying notes to these financial statements.

Virtual Piggy, Inc.
Notes to the Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Business
Virtual Piggy, Inc. (the "Company") was incorporated in the state of Delaware on February 11, 2008. Virtual Piggy is a technology company that delivers an online ecommerce solution for the family. Its system allows parents and their children to manage, allocate funds and track their expenditures, savings and charitable giving online. Its system is designed to allow the child to transact online without a credit card by gaining the parent's permission ahead of time and allowing the parent to set up the rules of use and authorized spending limits. Our principal office is located in Hermosa Beach, California and in 2013 we opened an office in London, England to support the sales and marketing efforts in Europe and the development of our mobile applications.

Virtual Piggy's technology, branded as "Oink," enables online businesses to interact and transact with the "Under 18" market in a manner consistent with the Children's Online Privacy Protection Act ("COPPA") and other similar international children's privacy laws. Oink was launched in the US in 2012 and in the European market in 2013, and now has the capability to offer and deliver gift cards.

The Company secures agreements with merchants, retail and gaming e-commerce platforms and payment processors, which allow us to offer our Oink service to our user base. Over 20 retailers and gaming companies are using Oink with their e-commerce systems and the Company is in the process of integrating the other signed retailers and gaming companies. The Company is continuing to add merchants which provides more opportunities for its registered systems users to purchase products online.

Basis of Presentation
The accompanying unaudited financial statements have been prepared in accordance with U.S. generally accepted accounting principles for interim financial information and with the instructions for Form 10-Q and Rule 8-03 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States ("U.S. GAAP") for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. The financial statements should be read in conjunction with the financial statements and notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2013, as amended, as filed with the Securities and Exchange Commission (the "SEC"). Operating results for the three and nine months ended September 30, 2014 are not necessarily indicative of the results that may be expected for the year ended December 31, 2014.

The Company's activities are subject to significant risks and uncertainties, including failing to secure additional funding to operationalize the Company's current technology before another company develops similar technology to compete with the Company.

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

Comprehensive Income
The Company follows FASB ASC 220 in reporting comprehensive income. Comprehensive income is a more inclusive financial reporting methodology that includes disclosure of certain financial information that historically has not been recognized in the calculation of net income. The Company has one item of other comprehensive income, consisting of a foreign translation adjustment.

Fair Value of Financial Instruments
The Company's financial instruments consist of accounts receivable, accounts payable and accrued expenses, and embedded derivative liability. The carrying value of accounts receivable, accounts payable and accrued expenses approximate their fair value because of their short maturities.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Company follows FASB ASC 820, *Fair Value Measurements and Disclosures*, and applies it to all assets and liabilities that are being measured and reported on a fair value basis. The statement requires that assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data

Level 3: Unobservable inputs that are not corroborated by market data

The level in the fair value hierarchy within which a fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

Foreign Currency Translation

The functional currency of operations outside the U.S. is British Pounds.

Concentration of Credit Risk Involving Cash

The Company may have deposits with a financial institution which at times exceed Federal Deposit Insurance Corporation ("FDIC") coverage. The Company has not experienced any losses from maintaining cash accounts in excess of federally insured limits.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Company considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and certificates of deposit and commercial paper with original maturities of 90 days or less to be cash or cash equivalents.

Property and Equipment

Property, equipment and leasehold improvements are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Maintenance and repairs of property are charged to operations, and major improvements are capitalized. Upon retirement, sale, or other disposition of property and equipment, the costs and accumulated depreciation are eliminated from the accounts, and any resulting gain or loss is included in operations. The cost of leasehold improvements is amortized over the lesser length of the related leases or the estimated useful lives of the assets. Depreciation of property and equipment was $18,726 and $7,285 for the three months ended September 30, 2014 and 2013 and was $39,013 and $20,474 for the nine months ended September 30, 2014 and 2013, and is included in general and administrative expenses.

The Company's depreciation and amortization policies on property and equipment are as follows:

	Useful life (in years)
Computer equipment	3 - 5
Furniture and fixtures	7
Leasehold Improvements	Term of lease

Patents and Trademarks

The Company has three issued patents with the United States Patent and Trademark Office ("USPTO"), entitled "Systems and Method for Verifying the Age of an Internet User," "System and Method for Virtual Piggy Bank Wish-List," and "System and Method for Virtual Piggy Bank." The Company has filed for one provisional U.S. patent application, as well as ten non-provisional U.S. patent applications, four of which are pending, three of which have been allowed, and three of which have been or will be abandoned. Additionally, the Company has been granted two patents in Germany, entitled "Virtual Piggy Bank" and "Parent Match." The Company also has patents pending in Australia, Brazil, Canada ("Parent Match" has been allowed), Europe, and the Republic of Korea under the Patent Cooperation Treaty ("PCT"). Costs associated with the registration and legal defense of the patents have been capitalized and are amortized on a straight-line basis over the estimated lives of the patents.

Long-Lived Assets

The Company evaluates the recoverability of its long-lived assets in accordance with FASB ASC 360 "Property, Plant, and Equipment." The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of long-lived assets are measured by a comparison of the carrying amount of an asset to future cash flows expected to be generated by the asset, undiscounted and without interest or independent appraisals. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the fair value of the assets.

Revenue Recognition

In accordance with Securities and Exchange Commission ("SEC") Staff Accounting Bulletin ("SAB") No. 104, *Revenue Recognition* (Codified in FASB ASC 605), the Company will recognize revenue when (i) persuasive evidence of a customer or distributor arrangement exists or acceptance occurs, (ii) a retailer, distributor or wholesaler receives the goods, (iii) the price is fixed or determinable, and (iv) collectability of the sales revenues is reasonably assured. Subject to these criteria, the Company will generally recognize revenue at the time of the sale of the associated product.

Income Taxes

The Company follows FASB ASC 740 when accounting for income taxes, which requires an asset and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed annually for temporary differences between the financial statements and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is the tax payable or refundable for the period plus or minus the change during the period in deferred tax assets and liabilities. Tax years from 2010 through 2013 remain subject to examination by major tax jurisdictions.

Stock-based Payments

The Company accounts for stock-based compensation under the provisions of FASB ASC 718, *Compensation—Stock Compensation* which requires the measurement and recognition of compensation expense for all stock-based awards made to employees and directors based on estimated fair values on the grant date. The Company estimates the fair value of stock-based awards on the date of grant using the Black-Scholes model. The value of the portion of the award that is ultimately expected to vest is recognized as expense over the requisite service periods using the straight-line method. The Company accounts for stock-based compensation awards to non-employees in accordance with FASB ASC 505 -50, Equity-Based Payments to Non-Employees ("ASC 505-50"). Under ASC 505-50, the Company determines the fair value of the warrants or stock-based compensation awards granted as either the fair value of the consideration received or the fair value of the equity instruments issued, whichever is more reliably measurable. All issuances of stock options or other equity instruments to non-employees as consideration for goods or services received by the Company are accounted for based on the fair value of the equity instruments issued. Any stock options issued to non-employees are recorded as an expense and additional paid-in capital in stockholders' equity over the applicable service periods.

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs were $41,629 and $217,287 for the three and nine months ended September 30, 2014 and were $189,796 and $278,067 for the three and nine months ended September 30, 2013. These costs are included in sales and marketing expenses.

Product Development Costs

In accordance with FASB ASC 730, research and development costs are expensed when incurred. Research and development costs were $871,093 and $742,425 for the three months ended September 30, 2014 and 2013 and were $2,575,665 and $1,823,560 for the nine months ended September 30, 2014 and 2013.

Loss Per Share

The Company follows FASB ASC 260 when reporting Earnings Per Share resulting in the presentation of basic and diluted earnings per share. Because the Company reported a net loss for the three and nine months ended September 30, 2014 and 2013, common stock equivalents, including preferred stock, stock options and warrants were anti-dilutive; therefore, the amounts reported for basic and dilutive loss per share were the same.

Start-up Costs

In accordance with FASB ASC 720, start-up costs are expensed as incurred.

Segment Information

The Company is organized and operates as one operating segment. In accordance with FASB ASC 280, Segment Reporting, the chief operating decision-maker has been identified as the Chief Executive Officer, who reviews operating results to make decisions about allocating resources and assessing performance for the entire Company subject to Board approval. Since the Company operates in one segment and provides one group of similar products, all financial segment and product line information required by FASB ASC 280 can be found in the consolidated financial statements.

Recently Adopted Accounting Pronouncements

In July 2013, the FASB issued ASU No. 2013-11, Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carry-forward, a Similar Tax Loss, or a Tax Credit Carry-forward Exists. The amendment includes explicit guidance as to when an unrecognized tax benefit should be presented as a reduction to a deferred tax asset or presented as a liability. The amendments are effective for fiscal years, and interim periods within those years, beginning after December 15, 2013. The amendments should be applied prospectively to all unrecognized tax benefits that exist at the effective date. Retrospective application is permitted. Since the amendment impacts classification requirements only, the adoption on January 1, 2014 did not have a material impact on the Company's financial position.

In June 2014, the FASB issued ASU No. 2014-10, Development Stage Entities (Topic 915), Elimination of Certain Financial Reporting Requirements, Including an Amendment to Variable Interest Entities Guidance in Topic 810, Consolidation. The amendments in this update remove the definition of a development stage entity from the Master Glossary of the Accounting Standards Codification, thereby removing the financial reporting distinction between development stage entities and other reporting entities from U.S. GAAP. In addition, the amendments eliminate the requirements for development stage entities to (1) present inception-to-date information in the statements of income, cash flows, and shareholder equity, (2) label the financial statements as those of a development stage entity, (3) disclose a description of the development stage activities in which the entity is engaged, and (4) disclose in the first year in which the entity is no longer a development stage entity that in prior years it had been in the development stage.

The amendments also clarify that the guidance in Topic 275, Risks and Uncertainties, is applicable to entities that have not commenced planned principal operations.

The amendments related to the elimination of inception-to-date information and the other remaining disclosure requirements of Topic 915 should be applied retrospectively except for the clarification to Topic 275, which shall be applied prospectively. For public business entities, those amendments are effective for annual reporting periods beginning after December 15, 2014, and interim periods therein.

For public business entities, the amendment eliminating the exception to the sufficiency-of-equity-at-risk criterion for development stage entities in paragraph 810-10-15-16 should be applied retrospectively for annual reporting periods beginning after December 15, 2015, and interim periods therein.

Early application of each of the amendments is permitted for any annual reporting period or interim period for which the entity's financial statements have not yet been issued (public business entities) or made available for issuance (other entities). Upon adoption, entities will no longer present or disclose any information required by Topic 915.

The Company adopted the amendments retrospectively for the interim period ending June 30, 2014.

Recently Issued Accounting Pronouncements Not Yet Adopted

In August 2014, the FASB issued ASU 2014-15, *Presentation of Financial Statements – Going Concern (Subtopic 205-40), Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*. The amendments in this Update provide guidance about management's responsibility to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date that the financial statements are issued and to provide related footnote disclosures. Substantial doubt about an entity's ability to continue as a going concern exists when relevant conditions and events, considered in the aggregate, indicate that it is probable that the entity will be unable to meet its obligations as they become due within one year after the date that the financial statements are issued. The amendments in this Update are effective for the annual period ending after December 15, 2016, and for annual periods and interim periods thereafter. Early application is permitted.

Reclassifications

Certain amounts in the 2013 statements of operations have been reclassified in order for them to be in conformity with the 2014 presentation.

NOTE 2 – MANAGEMENT PLANS

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The Company has incurred significant losses and experienced negative cash flow from operations during the development stage. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Since inception, the Company has focused on developing and implementing its business plan. The Company believes that its existing cash resources will not be sufficient to sustain operations during the next twelve months. The Company currently needs to generate revenue in order to sustain its operations. In the event that the Company cannot generate sufficient revenue to sustain its operations, the Company will need to reduce expenses or obtain financing through the sale of debt and/or equity securities. The issuance of additional equity would result in dilution to existing shareholders. If the Company is unable to obtain additional funds when they are needed or if such funds cannot be obtained on terms acceptable to the Company, the Company would likely be unable to execute upon the business plan or pay costs and expenses as they are incurred, which would have a material, adverse effect on the business, financial condition and results of operations.

The Company's current monetization model is to derive a percentage of all revenues generated by online merchants using the Oink service. Merchants are billed at the end of each month for all transactions that have been processed by the Company on their behalf in the prior month. As the merchant base and consumer base grows, and as the trend to higher online spending levels continues, the Company expects to generate additional revenue to support operations.

If sufficient revenues are not generated to sustain operations or additional funding cannot be obtained in the short term, the Company will need to reduce monthly expenditures to a level that will enable the Company to continue until such funds can be obtained. For the nine months ended September 30, 2014, and for the year ended December 31, 2013, the Company raised $13.4 million and $7.3 million respectively, net of stock issuance costs, through private placements of its equity securities and from exercises of stock options and warrants.

NOTE 3 – PATENTS AND TRADEMARKS

The Company continues to apply for patents and purchased the Oink trademark in November 2013. Accordingly, costs associated with the registration of the patents have been capitalized and are amortized on a straight-line basis over the estimated lives of the patents (20 years). The trademark is also being amortized on a straight-line basis over its estimated useful life of 20 years. At September 30, 2014 and December 31, 2013, capitalized patent and trademark costs were $769,212 and $604,572. Amortization expense for patents and trademarks were $12,016 and $7,718 for the three months ended September 30, 2014 and 2013 and were $29,455 and $19,617 for the nine months ended September 30, 2014, and 2013.

During the second quarter of 2014, the Company abandoned its application for three of its patents and five of its trademarks. Accordingly, the Company recorded a charge to general and administrative expenses for $114,522 relating to costs previously capitalized with respect to these applications.

NOTE 4 – NOTES PAYABLE

On December 27, 2013, the Company entered into two identical agreements with two stockholders that each include a note payable in the amount of $500,000 and two-year warrants to purchase 37,500 shares of the Company's common stock at $0.01 and two-year warrants to purchase 50,000 shares of the Company's common stock at $1.00 per share. The notes bore interest at 10% per annum and were payable upon the earlier of:

a. 5 days after the sale of the Company's securities in one transaction or series of related transactions, which sale results in gross proceeds to the Company of at least $3 million;
b. Upon (i) the sale or other disposition of all or substantially all of the Company's assets or (ii) the acquisition of the Company by another entity by means of any transaction or series of related transactions to which the Company is a party other than a transaction or series of transactions in which the holders of the voting securities of the Company outstanding immediately prior to such transaction continue to retain, as a result of shares in the Company held by such holders prior to such transaction, at least 50% of the total voting power represented by the voting securities of the Company or such surviving entity outstanding immediately after such transaction or series of transactions;
c. February 28, 2014.

The warrants were valued at $92,470, fair value, using the Black-Scholes option pricing model to calculate the grant-date fair value of the options, with the following assumptions: no dividend yield, expected volatility of 22.2%, risk free interest rate of .4% and expected option life of 2 years. The warrant values were treated as a discount to the value of the note payable in accordance with FASB ASC 835-30-25, *Recognition* and were accreted over the term of the note payable for financial statement purposes. These notes were repaid in full in January 2014 and therefore the remaining unamortized discount was fully accreted.

During the nine months ended September 30, 2014 and 2013, $86,087 and $0 of interest was accreted on the notes payable.

NOTE 5 - INCOME TAXES

Income tax expense was $0 for the three and nine months ended September 30, 2014 and 2013.

As of December 31, 2013, the Company had net operating loss carry forwards approximating $39.7 million.

As of January 1, 2014, the Company had no unrecognized tax benefits, and accordingly, the Company did not recognize interest or penalties during 2014 related to unrecognized tax benefits. There has been no change in unrecognized tax benefits during the three and nine months ended September 30, 2014, and there was no accrual for uncertain tax positions as of September 30, 2014. Tax years from 2010 through 2013 remain subject to examination by major tax jurisdictions.

There is no income tax benefit for the losses for the three and nine months ended September 30, 2014 and 2013, since management has determined that the realization of the net tax deferred asset is not assured and has created a valuation allowance for the entire amount of such benefits.

NOTE 6 – LITIGATION

The Company entered into a settlement agreement with an investor in 2012, whereby the Company agreed to pay the investor a settlement of $450,000 and the investor agreed to cease trading in the Company's stock and to return warrants issued to the investor. The Company's insurance carrier agreed to reimburse the Company with respect to this litigation. Both the settlement payment and the insurance company settlement were completed in 2013.

On April 10, 2014, the Company was named in a law suit in superior court for the State of California filed by a former employee alleging wrongful termination and seeking monetary damages and legal fees. During the three months ended September 30, 2014, the matter was settled in mediation.

NOTE 7 – CONVERTIBLE PREFERRED STOCK

In January 2014, the Company, pursuant to a Securities Purchase Agreement (the "Purchase Agreement"), issued in a private placement to certain accredited investors, 50,450 shares of the Company's Series A Cumulative Convertible Preferred Stock (the "Preferred Stock") at an original issue price of $100 per share (the "Original Issue Price") and warrants to purchase 5,045,000 shares of the Company's common stock (the "Warrants"), for an aggregate purchase price of $5,045,000. Pursuant to the Purchase Agreement, the Company also granted piggyback registration rights to the holders of the Preferred Stock and Warrants. The Purchase Agreement provides that the holders of the Preferred Stock shall be entitled to nominate two directors of the Company. Dividends accrue at a rate of 8% and are cumulative. The Company had incurred and capitalized approximately $141,000 of costs associated with this offering, which were charged to additional paid in capital when the transaction was consummated.

In accordance with FASB ASC 480 and 815, the Preferred Stock has been classified as permanent equity and was valued at $3,396,175, net of the beneficial conversion feature of $1,648,825, at January 27, 2014.

The conversion feature of the Preferred Stock is an embedded derivative, which is classified as a liability in accordance with FASB ASC 815 and was valued in accordance with FASB ASC 470 as a beneficial conversion feature at a fair market value of $1,648,825 at January 27, 2014, and $1,210,800 at September 30, 2014. This was classified as an embedded derivative liability and a discount to Preferred Stock. Since the Preferred Stock can be converted at any time, the full amount of the discount was accreted and reflected as a deemed distribution.

Because the Preferred Stock can be converted at any time, the embedded derivative is classified as a current liability at September 30, 2014.

The Warrants associated with the Preferred Stock were also classified as equity, in accordance with FASB ASC 480-10-25. Therefore it is not necessary to bifurcate the Warrants from the Preferred Stock.

The Preferred Stock has a preference in liquidation equal to two times the Original Issue Price to be paid out of assets available for distribution prior to holders of common stock and thereafter participates with the holders of common stock in any remaining proceeds subject to an aggregate cap of 2.5 times the Original Issue Price. The Preferred Stockholders may cast the number of votes equal to the number of whole shares of common stock into which the shares of Preferred Stock can be converted. The Preferred Stock also contains customary approval rights with respect to certain matters.

The conversion price of the Preferred Stock is currently $1.00 per share. The Preferred Stock is subject to mandatory conversion if certain registration or related requirements are satisfied and the average closing price of the Company's common stock exceeds 2.5 times the conversion price over a period of twenty consecutive trading days.

On April 30, 2014, the Company sold, in a private placement to certain accredited investors, an additional 58,150 shares of Preferred Stock and Warrants to purchase 5,815,000 shares of the Company's common stock for an aggregate purchase price of $5,815,000. In accordance with FASB ASC 480 and 815, the additional Preferred Stock has been classified as permanent equity and was valued at $2,674,900, net of the beneficial conversion feature of $3,140,100, at April 30, 2014. The Company had incurred and capitalized approximately $6,000 of costs associated with this offering, which were charged to additional paid in capital when the transaction was consummated.

The conversion feature of the additional Preferred Stock is an embedded derivative, which is classified as a liability in accordance with FASB ASC 815 and was valued in accordance with FASB ASC 470 as a beneficial conversion feature at a fair market value of $3,489,000 at April 30, 2014 and $2,733,050 at September 30, 2014. This was classified as an embedded derivative liability and a discount to Preferred Stock. Since the Preferred Stock can be converted at any time, the full amount of the discount was accreted and reflected as a deemed distribution.

As of September 30, 2014, the value of the cumulative 8% dividends was $439,397. Such dividends will be paid when and if declared payable by the Company's board of directors or upon the occurrence of certain liquidation events. In accordance with FASB ASC 260-10-45-11, the Company has recorded these accrued dividends as a non-current liability.

NOTE 8 – FAIR VALUE OF FINANCIAL INSTRUMENTS

Derivative Liabilities

For purposes of determining whether certain instruments are derivatives for accounting treatment, the Company follows the accounting standard that provides guidance for determining whether an equity-linked financial instrument, or embedded feature, is indexed to an entity's own stock. The standard applies to any freestanding financial instruments or embedded features that have the characteristics of a derivative, and to any freestanding financial instruments that are potentially settled in an entity's own common stock.

The Company has identified the following liabilities that are measured at fair value on a recurring basis, summarized as follows:

September 30, 2014	Level 1	Level 2	Level 3	Total
Derivative liability related to fair value of beneficial conversion feature	$ -	$ 3,943,850	$ -	$ 3,943,850
Total	$ -	$ 3,943,850	$ -	$ 3,943,850

The following table details the approximate fair value measurements within the fair value hierarchy of the Company's derivative liabilities using Level 2 inputs:

	Total
Balance at January 27, 2014	$ 1,648,825
Preferred Stock issued on April 30, 2014	3,489,000
Change in fair value of derivative liabilities	(1,193,975)
Balance at September 30, 2014	$ 3,943,850

As of September 30, 2014, the beneficial conversion feature of the Preferred Stock is treated as an embedded derivative liability and changes in the fair value were recognized in earnings. The shares of Preferred Stock are convertible into shares of the Company's common stock, which did trade in an active securities market; therefore the embedded derivative liability was valued using the following market based inputs:

Closing Trading Price of Common Stock	$	0.93
Series A Preferred Stock Effective Conversion Price		(0.57)
Intrinsic value of conversion option per share	$	0.36

The Company has no assets that are measured at fair value on a recurring basis. There were no assets or liabilities measured at fair value on a non-recurring basis as of September 30, 2014 and December 31, 2013.

NOTE 9 – STOCKHOLDERS' EQUITY

Private Placements of Securities

During the first quarter of 2013, the Company entered into a private placement for shares of the Company's common stock. The shares were sold at a purchase price of $0.75 per share. Through June 30, 2013, 1,133,334 shares were sold resulting in proceeds of $850,000. Issuance costs related to this private placement were $60,783.

On April 15, 2013, the Company issued 26,521 restricted shares of the Company's common stock to five members of the Board of Directors that were valued at $49,071. In conjunction with this the five members of the Board also received in aggregate options to purchase 1,050,000 shares of the Company's common stock. These options were valued at $519,080, fair value. The Company uses the Black-Scholes option pricing model to calculate the grant-date fair value of the options, with the following assumptions: no dividend yield, expected volatility of 29.0%, risk free interest rate of .69% and expected option life of five years. The options expire five years from the date of issuance. Options granted are being expensed over the three year vesting term.

On May 28, 2013, the Company entered into a Securities Purchase Agreement with accredited investors, pursuant to which we issued and sold in a private placement an aggregate of 2,572,553 units at a purchase price of $1.80 per unit (the "Offering"), with each unit being comprised of one (1) share of the Company's common stock and a warrant to purchase one-half (0.5) of a share of common stock at an exercise price of $3.00 per share for a period of three years. On May 29, 2013, we issued and sold an additional 300,000 units pursuant to the Offering. The Company retained a placement agent in connection with the Offering. The Company paid the placement agent aggregate placement agent fees in the amount of $151,408 plus $155,118 as an expense allowance. In addition, the placement agent received three year warrants to purchase an aggregate of 287,255 shares of the Company's common stock at an exercise price of $1.80 per share. Net proceeds of the Offering to the Company, after the expense allowance and other expenses, were approximately $4,836,157.

In 2013, options and warrants to purchase 5,821,852 shares of the Company's common stock were exercised at an average price of $0.28 per share for net proceeds to the Company of $1,617,593.

In 2014, options and warrants to purchase 378,571 shares of the Company's common stock were exercised at an average price of $0.57 per share for net proceeds to the Company of $214,286.

Exchange of Warrants and Deemed Dividend

Effective February 7, 2014, when the market price of our common stock was $1.18 per share, the Company completed an exchange offering with certain investors in our 2011 to 2012 Private Placements to exercise their current warrants at $0.50 per share and receive a new warrant which would be convertible into the same number of common shares as the original warrant. The new warrant has an exercise price of $1.00. The Company has recognized a deemed dividend of $717,594 in the Statement of Operations for the three and nine months ended September 30, 2014, attributable to the incremental fair value resulting from the modification of these warrants. The fair value of the new warrants was valued using the Black-Scholes option pricing model to calculate the grant-date fair value of the options, with the following assumptions: no dividend yield, expected volatility of 143.2%, risk free interest rate of 0.30% and expected option life approximating two years. The warrants expire two years from the date of issuance. Pursuant to the offering, the Company received aggregate cash consideration of $2,521,143 from exercised warrants to purchase 5,042,287 shares of Company common stock.

Extension of Warrants

In June 2014, the Company extended by one year the term of 514,286 warrants with an exercise price of $0.75 which were to expire in June 2014. The fair value of the extended warrants was valued using the Black-Scholes option pricing model to calculate the grant-date fair value of the options, with the following assumptions: no dividend yield, expected volatility of 99.6%, risk free interest rate of 0.11% and expected option life approximating one year. The Company recognized compensation expense of $108,000 which was charged to general and administrative expenses.

In February 2014, the Company extended warrants previously granted to two of its executive officers, which included 1,142,588 warrants exercisable at $0.04 per share and 100,000 warrants exercisable at $.75 per share for an additional two years. The increase in fair value of this term extension was $28,663 which was expensed during the period. The Company used the Black-Scholes option pricing model to calculate the increase in fair value, with the following assumptions: no dividend yield, expected volatility of 89.3% to 89.5%, risk free interest rate of 0.33%, and expected warrant life of 2 years.

Issuance of Restricted Shares

In April, 2014, the Company issued 300,000 shares of restricted stock in connection with a consulting agreement. Such shares will vest monthly over a six month period. The shares were valued at the closing stock price on the date of issuance which was $1.27, valuing the shares at $381,000 which will be expensed over a six month period. For the three and nine months ended September 30, 2014, the Company recorded expense of $190,500 and $381,000, respectively.

NOTE 10 - STOCK OPTIONS AND WARRANTS

During 2008, the Board of Directors (“Board”) of the Company adopted the 2008 Equity Incentive Plan (“2008 Plan”) that was approved by the shareholders. Under the Plan, the Company is authorized to grant options to purchase up to 25,000,000 shares of common stock to any officer, other employee or director of, or any consultant or other independent contractor who provides services to the Company. The Plan is intended to permit stock options granted to employees under the 2008 Plan to qualify as incentive stock options under Section 422 of the Internal Revenue Code of 1986, as amended (“Incentive Stock Options”). All options granted under the 2008 Plan, which are not intended to qualify as Incentive Stock Options are deemed to be non-qualified options (“Non-Statutory Stock Options”). As of September 30, 2014, options to purchase 14,054,996 shares of common stock have been issued and are unexercised, and 1,095,004 shares are available for grants under the 2008 Plan.

During 2013, the Board adopted the 2013 Equity Incentive Plan (“2013 Plan”), which was approved by stockholders at the 2013 annual meeting of stockholders. Under the 2013 Plan, the Company is authorized to grant awards of stock options, restricted stock, restricted stock units and other stock-based awards of up to an aggregate of 5,000,000 shares of common stock to any officer, employee, director or consultant. The 2013 Plan is intended to permit stock options granted to employees under the 2013 Plan to qualify as Incentive Stock Options. All options granted under the 2013 Plan, which are not intended to qualify as Incentive Stock Options are deemed to be Non-Statutory Stock Options. As of September 30, 2014, under the 2013 Plan options to purchase 3,489,166 shares of common stock have been issued and are unexercised, and 1,510,384 shares of common stock remain available for grants under the 2013 Plan.

The 2008 Plan and 2013 Plan are administered by the Board or its compensation committee, which determines the persons to whom awards will be granted, the number of awards to be granted, and the specific terms of each grant, including the vesting thereof, subject to the terms of the applicable Plan.

In connection with Incentive Stock Options, the exercise price of each option may not be less than 100% of the fair market value of the common stock on the date of the grant (or 110% of the fair market value in the case of a grantee holding more than 10% of the outstanding stock of the Company).

Prior to January 1, 2014, volatility in all instances presented is the Company’s estimate of volatility that is based on the volatility of other public companies that are in closely related industries to the Company. Beginning January 1, 2014, volatility in all instances presented is the Company’s estimate of volatility that is based on the historical volatility of the Company’s stock history.

The following table presents the weighted-average assumptions used to estimate the fair values of the stock options granted during the nine months ended September 30, 2014:

Risk-free interest rate	1.54%
Expected volatility	97%
Expected life (in years)	5.2
Dividend yield	0%
Weighted-average estimated fair value of options granted during the period	$0.76

The following table summarizes the activities for our stock options for the nine months ended September 30, 2014:

	Options Outstanding			
	Number of Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in 000's) (1)
		(unaudited)		
Balance as of December 31, 2013	18,817,499	$ 0.90		
Granted	1,975,000	$ 1.11		
Exercised	(100,000)	$ 0.75		
Forfeited/canceled	(1,425,004)	$ 1.22		
Expired	(1,310,000)	$ 1.47		
Balance as of September 30, 2014	17,957,495	$ 0.86	2.4	$ 4,661
Exercisable as of September 30, 2014	12,258,310	$ 0.71	1.8	$ 4,351
Exercisable as of September 30, 2014 and expected to vest thereafter	17,457,495	$ 0.84	2.4	$ 4,661

(1) The aggregate intrinsic value is calculated as the difference between the exercise price of the underlying awards and the closing stock price of $0.93 for our common stock on September 30, 2014.

During the nine months ended September 30, 2014, the fair value of stock options granted during the period was $1,501,000. The fair value of stock options is expensed over the vesting term in accordance with the terms of the related stock option agreements.

For the three and nine months ended September 30, 2014, the Company expensed $268,115 and $820,230 and for the three and nine months ended September 30, 2013, the Company expensed $210,380 and $678,945 relative to the fair value of stock options granted, respectively.

As of September 30, 2014, there was $1,624,616 of unrecognized compensation cost related to outstanding employee and consultant stock options. This amount is expected to be recognized over a weighted-average period of 1.96 years. To the extent the actual forfeiture rate is different from what we have estimated, stock-based compensation related to these awards will be different from our expectations. The difference between the stock options exercisable at September 30, 2014 and the stock options exercisable and expected to vest relates to stock options with milestones tied to vesting.

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The following table presents the weighted-average assumptions used to estimate the fair values of the warrants granted during the nine months ended September 30, 2014:

Risk-free interest rate	.37%
Expected volatility	96%
Expected life (in years)	2.0
Dividend yield	0%
Weighted-average estimated fair value of warrants granted during the period	$0.56

The following table summarizes the activities for our warrants for the nine months ended September 30, 2014:

	Warrants Outstanding						
	Number of Shares		Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (in years)		Aggregate Intrinsic Value (in 000's) (1)	
			(unaudited)				
Balance as of December 31, 2013	13,887,181	$	0.81				
Granted	15,902,287	$	1.00				
Exercised	(5,320,858)	$	0.50				
Forfeited/canceled		$					
Expired	(50,000)	$	0.75				
Balance as of September 30, 2014	24,418,610	$	1.00	1.3	$	2,776	
Exercisable as of September 30, 2014	24,418,610	$	1.00	1.3	$	2,776	
Exercisable as of September 30, 2014 and expected to vest thereafter	24,418, 610	$	1.00	1.3	$	2,276	

(1) The aggregate intrinsic value is calculated as the difference between the exercise price of the underlying awards and the closing stock price of $0.93 for our common stock on September 30, 2014.

NOTE 11 - OPERATING LEASES

Rent expense was $161,326 and $117,477 for the three months ended September 30, 2014 and 2013 and was $472, 199 and $244,318 for the nine months ended September 30, 2014 and 2013. At September 30, 2014, the Company was obligated under various non-cancelable operating lease arrangements for property as follows:

2014	$	110,115
2015		296,722
2016		198,131
	$	604,968

NOTE 12 – RELATED PARTY TRANSACTIONS

During the nine months ended September 30, 2013, a consultant owning more than 5% of the Company was paid for consulting and travel expenses to provide strategic advice to the Company. On January 1, 2013, the Company entered into an agreement with this consultant, whereby the Company would pay the consultant $12,500 per month beginning January 1, 2013 for a term of one year. In June 2013, this contract was terminated. Consulting fees paid for the three and nine months ended September 30, 2013 were $105,000 and 130,000, respectively. Reimbursable business expenses of $0 and $5,357 were paid for the three and nine months ended September 30, 2014 and $6,505 and $30,072 for the three and nine months ended September 30, 2013, respectively. No consulting fees were paid after June 30, 2013.

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

Cautionary Statements Regarding Forward-Looking Statements

This report contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements other than statements of historical facts included or incorporated by reference in this quarterly report on Form 10-Q, including without limitation, statements regarding our future financial position, business strategy, budgets, projected revenues, projected costs and plans and objectives of management for future operations, are forward-looking statements. In addition, forward-looking statements generally can be identified by the use of forward-looking terminology such as "may," "will," "expects," "intends," "plans," "projects," "estimates," "anticipates," or "believes" or the negative thereof or any variation thereon or similar terminology or expressions.

We have based these forward-looking statements on our current expectations and projections about future events. These forward-looking statements are not guarantees and are subject to known and unknown risks, uncertainties and assumptions about us that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to: our ability to raise additional capital, the absence of any operating history or revenue, our ability to attract and retain qualified personnel, our dependence on third party developers who we cannot control, our ability to develop and introduce a new service to the market in a timely manner, market acceptance of our services, our limited experience in a relatively new industry, the ability to successfully develop licensing programs and generate business, rapid technological change in relevant markets, unexpected network interruptions or security breaches, changes in demand for current and future intellectual property rights, legislative, regulatory and competitive developments, intense competition with larger companies, general economic conditions, as well as other factors set forth under the caption "Risk Factors" in this and prior quarterly reports on Form 10-Q and in our Annual Report on Form 10-K for the year ended December 31, 2013, as amended, filed with the Securities and Exchange Commission.

All subsequent written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by the foregoing. Except as required by law, we assume no duty to update or revise our forward-looking statements.

Overview

Virtual Piggy, Inc. ("the Company") was incorporated in the state of Delaware on February 11, 2008. Oink from Virtual Piggy is a family wallet and shopping application that provides a safe and secure payment solution for the family. Oink is designed to provide efficiency and security for online and mobile payments, and is expanding to handle in store payments. Oink is in operational use in the US, Canada, UK and soon to be other parts of Europe. Oink functions as a digital wallet allowing payments to be made by all family members while providing the ability for parents to allocate and monitor funds and spending. Key benefits to the consumer of the Oink service include payment security, the payment consent and the transparency provided.

The Oink product enables online businesses to interact and transact with the "Under 18" market in a manner consistent with the Children's Online Privacy Protection Act ("COPPA") and other similar international children's privacy laws. Oink was launched in the US in 2012 and was launched in the European market in 2013.

We secure agreements with a variety of businesses including merchants, gaming publishers, e-commerce platforms, payment aggregators, and payment processors to provide Oink's services. We expect to see growth in both the user base and the engagement level in the fourth quarter of 2014 and throughout 2015, as we go live with several major digital goods providers and as we release our new offers functionality that will drive affiliate marketing revenue for the Company. We have affiliate agreements with over 200 merchants in the US market. In 2014, we embarked on a program to build our channel partners and to date have secured over 20 channel partner arrangements in the US and Europe.

We currently earn revenue by charging a percentage to the merchant or gaming publisher for each transaction processed. In addition, in the second quarter ended June 30, 2014, we received our first affiliate marketing revenues – a channel we expect to grow in future quarters. Later in 2014, we also expect to see some revenue from partner referral agreements. To date we have not generated material revenues.

Strategic Outlook

We believe that the virtual goods market will continue to grow over the long term. Within the market, we intend to provide services to the online industry to allow them to transact with children in compliance with COPPA and similar international privacy laws. We believe that this particular opportunity is relatively untapped and expect to be a leading provider of online transactions for children.

Sustained spending on technology, our ability to raise additional financing, the continued growth of the online market, and compliance with regulatory and reporting requirements are all external conditions that may affect our ability to execute our business plan. In addition, the online payment industry is intensely competitive, and most participants have longer operating histories, significantly greater financial, technical, marketing, customer service and other resources, and greater name recognition. In addition, certain potential customers, particularly large organizations, may view our small size and limited financial resources as a negative even if they prefer our offering to those of our competitors.

Our primary strategic objectives over the next 12-18 months are to increase our user base and the engagement level of that base. We plan to achieve that by the addition of several new gaming publishers who are currently in the integration phase and by the introduction of our new prepaid card program backed by Discover. The Oink Discover card is linked to the teens Oink wallet and provides parents with the ability to provide a safe and controlled payment method for their teens on the go. The Oink app gives secure access to parents and teens on family spending and allows parents to easily add funds, monitor spending, remove and select categories and shut down a card if necessary. We are planning to market our new Discover card offering, our expanded online merchant and gaming network and affiliate marketing programs through a combination of social media programs and co-promotions with publishers merchants and other strategic partners. In addition, our new streamlined teen app was released in the third quarter of 2014 which we believe will drive additional exposure and usage for Oink. As our service grows, we intend to hire additional information technology staff to maintain our product offerings and develop new products to increase our market share.

We believe that our near-term success will depend particularly on our ability to develop customer awareness and confidence in our service. Since we have limited capital resources, we will need to closely manage our expenses and conserve our cash by continually monitoring any increase in expenses and reducing or eliminating unnecessary expenditures. Our prospects must be considered in light of the risks, expenses and difficulties encountered by companies at an early stage of development, particularly given that we operate in new and rapidly evolving markets, that we have limited financial resources, and face an uncertain economic environment. We may not be successful in addressing such risks and difficulties.

Results of Operations

Comparison of the Three Months Ended September 30, 2014 and 2013

The following discussion analyzes our results of operations for the quarters ended September 30, 2014 and 2013. The following information should be considered together with our financial statements for such periods and the accompanying notes thereto.

Revenue/Net Loss

We have not generated significant revenue since our inception. For the quarters ended September 30, 2014 and 2013, we generated revenues of $736 and $1,382, respectively. As we add additional merchants and in particular, online gaming companies, we anticipate that our transaction volume will increase. Additionally, the addition of the Discover Card program in the fourth quarter of 2014 is also expected to increase our transaction volume. The Oink service is available through an iOS App, merchant or game publisher website, Android app and through the Oink.com website. A user may access and use the service through any of these points of entry. Revenue is generated through a number of mechanisms as follows:

Transactional Revenue

A merchant or game publisher pays fees on any transactions that are driven through the Oink payment service. Oink has several live integrated online retail merchants, gaming companies and over 1,000 Facebook games in this category. The typical fees for this service are 1.5% to 3.0%.

We are driving transactional revenue in the US, Canada and the UK. In the fourth quarter of 2014, we expect to also see transactional revenue to be driven through France and Germany.

Affiliate Revenue

This is a new category of revenue for Virtual Piggy and is currently in the US only. Oink serves up curated offers to consumers and receives a percentage fee on any transactions that occur by the consumer regardless of whether the consumer uses Oink as the payment method. The typical fees from this service are 2% to 8%. The second and third quarters of 2014 showed some limited affiliate marketing revenue as the program has been rolled out. In September 2014, the Oink app v2.0 was launched which includes affiliate deals and offers. The app is free to use and a user does not have to be a member of the Oink community to access Oink deals. We encourage users to sign up for Oink so they can save offers for later use and management. To date, we have affiliate programs with over 200 retailers in the US.

Partner Referrals

In 2014, Oink has signed a number of partnerships with e-commerce platform partners and receives referral fees for any time a merchant or gaming publisher signs up with the partner. Our first revenue from this program was seen towards the end of the third quarter ended September 2014. We expect this revenue line to increase in the fourth quarter and beyond.

Card Fees

In the fourth quarter of 2014, Oink is launching a prepaid card tied to a user's Oink account. There is an annual fee and usages fees which will be paid by the card user. In addition, we receive fees from Discover for each transaction made using the Oink card.

Net loss

Our net loss decreased by 44%, or $2.3 million to $3.0 million for the quarter ended September 30, 2014 compared to $5.3 million for the quarter ended September 30, 2013, as further described below.

Sales and Marketing Expenses

Sales and marketing expenses decreased by $1.8 million, or 61% in the quarter ended September 30, 2014 to $1.2 million compared with $3.0 million in the prior year period. During 2014, we expanded the size of our sales and marketing team in the United States and Europe to help increase our merchant base and to continue our user acquisition campaign. We commenced that campaign in March 2013 and are incurring costs for targeted advertising and promotions to achieve additional user sign-ups. During the third quarter of 2013, we ran a number user acquisition campaigns which resulted in costs being higher in that quarter compared with the third quarter of 2014 when fewer campaigns were run.

Product Development

Product development expenses increased by $0.1 million, or 17% in the quarter ended September 30, 2014 to $0.9 million compared with $0.7 million in the prior year period. During 2014, we expanded the size of our product development team in the United States and Europe to develop and build our new mobile applications.

Integration and Customer Support

Integration and customer support expenses increased $0.1 million or 58% in the quarter ended September 30, 2014 to $0.3 million compared with $0.2 million in the prior year period. We have increased the size of our integration team as new merchants have been contracted to use the Oink service.

General and Administrative Expenses

General and administrative expenses increased by $0.2 million, or 17% in the quarter ended September 30, 2014 to $1.6 million compared with $1.3 million in the prior year period. The increase resulted in part from severance payments made in connection with certain staff terminations, a litigation settlement relating to an employment matter and a charge for the foreign currency translation impact relating to the Company’s European operations for the current quarter.

Strategic Consulting Expenses

Strategic consulting expenses were $0.3 million in the three months ended September 30, 2014 compared with $10,244 for the three months ended September 30, 2013. During the current quarter, we had engaged consultants to advise the Company and compensate them in the form of cash, restricted stock and stock or stock options.

Change in Fair Value of Embedded Derivative Liability and Preferred Stock Dividends

As described in Note 7 to the financial statements, in April 2014, the Company, pursuant to a Securities Purchase Agreement issued in a private placement to certain accredited investors 58,150 shares of the Company's Series A Cumulative Convertible Preferred Stock and warrants to purchase 5,815,000 shares of the Company's common stock for an aggregate purchase price of $5,815,000. The conversion feature of the Preferred Stock is an embedded derivative, which is classified as a liability and was valued as a beneficial conversion feature at a fair market value of $3,489,000 at April 30, 2014, and was revalued at $3,372,700 at September 30, 2014. This was classified as an embedded derivative liability and a discount to Preferred Stock. The change in value for the three months ended September 30, 2014 was a reduction on the liability of $639,650.

In addition, as described in Note 7 to the financial statements, in January 2014, the Company, pursuant to a Securities Purchase Agreement issued in a private placement to certain accredited investors 50,450 shares of the Company's Series A Cumulative Convertible Preferred Stock and warrants to purchase 5,045,000 shares of the Company's common stock for an aggregate purchase price of $5,045,000. The conversion feature of the Preferred Stock is an embedded derivative, which is classified as a liability and was valued as a beneficial conversion feature at a fair market value of $3,834,200 at March 31, 2014, and was revalued to $1,765,750 at September 30, 2014. The change in value for the three months ended September 30, 2014 was a reduction on the liability of $554,950.

During the third quarter ended September 30, 2014, the Company accrued $469,397 relating to dividends accruing on its Series A Cumulative Convertible Preferred Stock.

For the quarter ended September 30, 2014, the Company recorded a non-cash reduction of expense of $1.1 million for the decrease in the value of these embedded derivative liabilities.

Comparison of the Nine Months Ended September 30, 2014 and 2013

The following discussion analyzes our results of operations for the nine month periods ended September 30, 2014 and 2013. The following information should be considered together with our financial statements for such periods and the accompanying notes thereto.

Revenue/Net Loss

We have not generated significant revenue since our inception. For the nine months ended September 30, 2014 and 2013, we generated revenues of $2,414 and $1,528, respectively. As we add additional merchants and in particular, online gaming companies, we anticipate that our transaction volume will increase. Additionally, the addition of the Discover Card program in the fourth quarter of 2014 is also expected to increase our transaction volume. The Oink service is available through an iOS App, merchant or game publisher website, Android app and through the Oink.com website. A user may access and use the service through any of these points of entry. Revenue is generated through a number of mechanisms as follows:

Transactional Revenue

A merchant or game publisher pays fees on any transactions that are driven through the Oink payment service. Oink has several live integrated online retail merchants, gaming companies and over 1,000 Facebook games in this category. The typical fees for this service are 1.5% to 3.0%.

We are driving transactional revenue in the US, Canada and the UK. In the fourth quarter of 2014, we expect to also see transactional revenue to be driven through France and Germany.

Affiliate Revenue

This is a new category of revenue for Virtual Piggy and is currently in the US only. Oink serves up curated offers to consumers and receives a percentage fee on any transactions that occur by the consumer regardless of whether the consumer uses Oink as the payment method. The typical fees from this service are 2% to 8%. The second and third quarters of 2014 showed some limited affiliate marketing revenue as the program has been rolled out. In September 2014, the Oink app v2.0 was launched which includes affiliate deals and offers. The app is free to use and a user does not have to be a member of the Oink community to access Oink deals. We encourage users to sign up for Oink so they can save offers for later use and management. To date, we have affiliate programs with over 200 retailers in the US.

Partner Referrals

In 2014, Oink has signed a number of partnerships with e-commerce platform partners and receives referral fees for any time a merchant or gaming publisher signs up with the partner. Our first revenue from this program was seen towards the end of the third quarter ended September 2014. We expect this revenue line to increase in the fourth quarter and beyond.

Card Fees

In the fourth quarter of 2014, Oink is launching a prepaid card tied to a user's Oink account. There is an annual fee and usages fees which will be paid by the card user. In addition, we receive fees from Discover for each transaction made using the Oink card.

Net loss

Our net loss decreased $0.8 million to $10.6 million for the nine months ended September 30, 2014 compared to $11.4 million for the nine months ended September 30, 2013, as described below.

Sales and Marketing Expenses

Sales and marketing expenses decreased by $1.2 million, or 23% in the nine months ended September 30, 2014 to $3.9 million compared with $5.1 million in the prior year period. During 2014, we expanded the size of our sales and marketing team in the United States and Europe to help increase our merchant base and to continue our user acquisition campaign. We commenced that campaign in March 2013 and incur costs for targeted advertising and promotions to achieve additional user sign-ups. We additionally increased costs to rebrand our product to Oink and to promote our product to the target market. However, during 2014, we spent less on our user acquisition and advertising campaigns which resulted in the decrease in costs during the current year.

Product Development

Product development expenses increased by $0.8 million, or 41% in the nine months ended September 30, 2014 to $2.6 million compared with $1.8 million in the prior year period. During 2014, we expanded the size of our product development team in the United States and Europe to develop and build our new mobile applications.

Integration and Customer Support

Integration and customer support expenses increased $0.2 million, or 32% in the nine months ended September 30, 2014 to $0.7 million compared with $0.5 million in the prior year period. We have increased the size of our integration team as new merchants have been contracted to use the Oink service.

General and Administrative Expenses

General and administrative expenses increased by $0.5 million, or 16% in the nine months ended September 30, 2014 to $4.1 million compared with $3.5 million in the prior year period. During 2014, we increased the size of our offices with related increases in rent expense, in addition to taking a charge of $114,522 for the write-off of various patent and trademark applications, the costs of which were previously capitalized. The increase also resulted in part from severance payments made in connection with certain staff terminations, a litigation settlement relating to an employment matter and a charge for the foreign currency translation impact relating to the Company's European operations.

Strategic Consulting Expenses

Strategic consulting expenses were $0.5 million the nine months ended September 30, 2014 compared with $0.5 million in the prior year period.

Change in Fair Value of Embedded Derivative Liability and Preferred Stock Dividends

As described in Note 7 to the financial statements, in January and April 2014, the Company, pursuant to Securities Purchase Agreements issued in private placements to certain accredited investors 10,860 shares of the Company's Series A Cumulative Convertible Preferred Stock and warrants to purchase 10,860,000 shares of the Company's common stock for an aggregate purchase price of $10,860,000. The conversion feature of the Preferred Stock is an embedded derivative, which is classified as a liability and was valued as a beneficial conversion feature at a fair market value of $5,137,825 at date of issuance. This liability was revalued to $3,943,850 at September 30, 2014, a decrease of $1,193,975 from the date of issuance, and has been recorded as a non-cash charge for the change in the value of these embedded derivative liabilities.

During the third quarter ended September 30, 2014, the Company accrued $469,397 relating to dividends accruing on its Series A Cumulative Convertible Preferred Stock during 2014.

Liquidity and Capital Resources

Net cash used in operating activities increased $1.7 million to $11.5 million for the nine months ended September 30, 2014 as compared to $9.8 million for the nine months ended September 30, 2013. The increase resulted primarily from expanded operations including marketing the Oink product, hiring employees and increasing the size of the Company offices.

Net cash used in investing activities was $0.3 million for nine months ended September 30, 2014, materially unchanged from the $0.3 million for the nine months ended September 30, 2013. Investments relate to the purchase of computer equipment, leasehold improvements and investments in patents and trademarks.

Net cash provided by financing activities increased $5.2 million to $12.4 million for the nine months ended September 30, 2014 from $7.3 million for the nine months ended September 30, 2013. Cash provided by financing activities during the nine months ended September 30, 2014 consisted of our Series A Preferred Stock offering, netting $10.9 million and our warrant exchange offer, netting $2.7 million, offset by the re-payment of our $1.0 million bridge loan.

As of October 24, 2014, we had cash resources of approximately $1.7 million. As we have not realized significant revenues since our inception, we have financed our operations through public and private offerings of debt and equity securities. We do not currently maintain a line of credit or term loan with any commercial bank or other financial institution.

Since our inception, we have focused on developing and implementing our business plan. We believe that our existing cash resources will not be sufficient to sustain our operations during the next twelve months. We currently need to generate sufficient revenues to support our cost structure to enable us to pay ongoing costs and expenses as they are incurred, finance the continued development of Oink, and execute the business plan. If we cannot generate sufficient revenue to fund our business plan, we intend to raise such financing through the sale of debt and/or equity securities. The issuance of additional equity would result in dilution to existing shareholders. If we are unable to obtain additional funds when they are needed or if such funds cannot be obtained on terms acceptable to us, we will be unable to execute upon the business plan or pay costs and expenses as they are incurred, which would have a material, adverse effect on our business, financial condition and results of operations.

Even if we are successful in generating sufficient revenue or in raising sufficient capital in order to complete the marketing of Oink, our ability to continue in business as a viable going concern can only be achieved when our revenues reach a level that sustains our business operations. We raised approximately $7.3 million through sales of common stock and warrants, in addition to a bridge loan, in 2013, and $12.4 million in 2014, net of repayment of the bridge loan. The Oink product was introduced to the marketplace in the third quarter of 2011 and formally launched in the U.S. in 2012. We do not project that significant revenue will be developed until 2015. There can be no assurance that we will raise sufficient proceeds, or any proceeds, for us to implement fully our proposed business plan to aggressively develop and market our Oink product. Moreover there can be no assurance that even if our Oink product is marketed effectively and we achieve our user acquisition goals, that we will generate revenues sufficient to fund our operations. In either such situation, we may not be able to continue our operations and our business might fail.

The foregoing forward-looking information was prepared by us in good faith based upon assumptions that we believe to be reasonable. No assurance can be given, however, regarding the attainability of the projections or the reliability of the assumptions on which they are based. The projections are subject to the uncertainties inherent in any attempt to predict the results of our operations, especially where new products and services are involved. Certain of the assumptions used will inevitably not materialize and unanticipated events will occur. Actual results of operations are, therefore, likely to vary from the projections and such variations may be material and adverse to us. Accordingly, no assurance can be given that such results will be achieved. Moreover due to changes in technology, new product announcements, competitive pressures, system design and/or other specifications we may be required to change the current plans for our Oink products.

Contractual Obligations

At September 30, 2014, the Company was obligated under various non-cancelable operating lease arrangements for property as follows:

2014	$	110,115
2015		296,722
2016		198,131
	$	604,968

Critical Accounting Policies

Our financial statements are impacted by the accounting policies used and the estimates and assumptions made by management during their preparation. A complete summary of these policies is included in Note 1 of the Notes to Financial Statements included elsewhere herein. We have identified below the accounting policies that are of particular importance in the presentation of our financial position, results of operations and cash flows and which require the application of significant judgment by management.

Stock-based Compensation

We have adopted the fair value recognition provisions Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") 718. In addition, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 107 "*Share-Based Payment*" ("SAB 107") in March, 2005, which provides supplemental FASB ASC 718 application guidance based on the views of the SEC. Under FASB ASC 718, compensation cost recognized includes compensation cost for all share-based payments granted beginning January 1, 2006, based on the grant date fair value estimated in accordance with the provisions of FASB ASC 718.

We have used the Black-Scholes option-pricing model to estimate the option fair values. The option-pricing model requires a number of assumptions, of which the most significant are, expected stock price volatility, the expected pre-vesting forfeiture rate and the expected option term (the amount of time from the grant date until the options are exercised or expire).

Compensation expense for unvested options granted to non-employees in previous periods is being amortized over the term of the consulting agreement.

Revenue Recognition

In accordance with Securities and Exchange Commission ("SEC") Staff Accounting Bulletin No. 104, Revenue Recognition (Codified in FASB ASC 605), we will recognize revenue when (i) persuasive evidence of a customer or distributor arrangement exists or acceptance occurs, (ii) a retailer, distributor or wholesaler receives the goods, (iii) the price is fixed or determinable, and (iv) collectability of the sales revenues is reasonably assured. Subject to these criteria, we will generally recognize revenue from Oink at the time of the sale of the associated product.

Recently Issued Accounting Pronouncements

Recently issued accounting pronouncements are discussed in Note 1 of the Notes to Financial Statements contained elsewhere in this report.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

There have been no material changes in market risk from the information provided in "Item 7A. Quantitative and Qualitative Disclosures About Market Risk" set forth in the Company's 2013 Annual Report on Form 10-K.

ITEM 4. CONTROLS AND PROCEDURES.

As of September 30, 2014, we carried out the evaluation of the effectiveness of our disclosure controls and procedures required by Rule 13a-15(e) under the Exchange Act under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of September 30, 2014, our disclosure controls and procedures were effective to ensure that information we are required to disclose in reports that we file or submit under the Exchange Act is: (i) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and (ii) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

There has been no change in our internal control over financial reporting that occurred during our fiscal quarter ended September 30, 2014 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

On April 10, 2014, the Company was named in a law suit in superior court for the State of California filed by a former employee alleging wrongful termination and seeking monetary damages and legal fees. During the third quarter ended September 30, 2014, this matter was settled in mediation.

In September 2014, the Company received a subpoena from the Securities and Exchange Commission with respect to the preservation and production of documents relating to an investigation into trading in the Company's stock. The subpoena states that it should not be construed as an indication by the Securities and Exchange Commission that any violation of law has occurred, nor as a reflection upon any person, entity or security. The Company is cooperating fully with the terms of the subpoena.

ITEM1A. RISK FACTORS.

Investing in our common stock involves a high degree of risk. Before you invest you should carefully consider the risks and uncertainties described below and in our 2013 Form 10-K, under the caption "Risk Factors", our Management's Discussion and Analysis of Financial Condition and Results of Operations set forth in Item 2 of Part I of this Quarterly Report on Form 10-Q, our financial statements and related notes included in Item 1 of Part I of this Quarterly Report on Form 10-Q and our consolidated financial statements and related notes, as well as our Management's Discussion and Analysis of Financial Condition and Results of Operations and the other information in our 2013 Form 10-K. Readers should carefully review those risks, as well as additional risks described in other documents we file from time to time with the Securities and Exchange Commission.

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

None

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURES.

Not Applicable.

ITEM 5. OTHER INFORMATION.

None.

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ITEM 6. EXHIBITS

31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

VIRTUAL PIGGY, INC.

Date:	October 28, 2014	By:	/s/ Joseph Dwyer
			Joseph Dwyer Chief Financial Officer (Duly authorized officer and principal financial officer)

Exhibit 31.1

CERTIFICATION

I, Jo Webber, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Virtual Piggy, Inc.;

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

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

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

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

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

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

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

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

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

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

Date: October 28, 2014

By: /s/ Jo Webber
Jo Webber
Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Joseph Dwyer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Virtual Piggy, Inc.

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

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

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

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

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

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

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

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

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

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

Date: October 28, 2014

By: /s/ Joseph Dwyer
Joseph Dwyer
Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF
CHIEF EXECUTIVE OFFICER
OF VIRTUAL PIGGY, INC.
PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the Quarterly Report on Form 10-Q of Virtual Piggy, Inc. (the "Company") for the period ended September 30, 2014, as filed with the Securities and Exchange Commission (the "Report"), I, Jo Webber, Chief Executive Officer of the Company, do hereby certify, pursuant to 18 U.S.C. Section 1350, 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 results of operations of the Company.

Date: October 28, 2014

/s/ Jo Webber
Jo Webber
Chief Executive Officer

Exhibit 32.2

CERTIFICATION OF
CHIEF FINANCIAL OFFICER
OF VIRTUAL PIGGY, INC.
PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the Quarterly Report on Form 10-Q of Virtual Piggy, Inc. (the "Company") for the period ended September 30, 2014, as filed with the Securities and Exchange Commission (the "Report"), I, Joseph Dwyer, Chief Financial Officer of the Company, do hereby certify, pursuant to 18 U.S.C. Section 1350, 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 results of operations of the Company.

Date: October 28, 2014

/s/ Joseph Dwyer
Joseph Dwyer
Chief Financial Officer