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

Form 10-Q

(Mark One)

[X] **QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2020

or

[ ] **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: 001-35824

Professional Diversity Network, Inc.
(Exact name of Registrant as Specified in Its Charter)

Delaware *(State or Other Jurisdiction of Incorporation or Organization)*	**80-0900177** *(I.R.S. Employer Identification No.)*
801 W. Adams Street, Suite 600 **Chicago, Illinois** *(Address of Principal Executive Offices)*	**60607** *(Zip Code)*

(312) 614-0950
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, $0.01 par value per share	The Nasdaq Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act:

None

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the 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 [X] 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 [X] No [ ]

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

Large accelerated filer [ ] Accelerated filer [ ] Non-accelerated filer [ ] Smaller reporting company [X]
Emerging growth company [ ]

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised accounting standards provided pursuant to Section 13(a) of the Exchange Act. [ ]

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

There were 10,925,859 shares outstanding of the registrant's common stock as of May 20, 2020.

Note Regarding Forward-Looking Statements

This Quarterly Report contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements concern expectations, beliefs, projections, plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. Specifically, this Quarterly Report contains forward-looking statements regarding:

- our beliefs regarding our ability to capture and capitalize on market trends;
- our expectations on the future growth and financial health of the online diversity recruitment industry and the industry participants, and the drivers of such growth;
- our expectations regarding continued membership growth;
- our beliefs regarding the increased value derived from the synergies among our segments; and
- our beliefs regarding our liquidity requirements, the availability of cash and capital resources to fund our business in the future and intended use of liquidity.

These forward-looking statements reflect our current views about future events and are subject to risks, uncertainties and assumptions. We wish to caution readers that certain important factors may have affected and could in the future affect our actual results and could cause actual results to differ significantly from those expressed in any forward-looking statement. The most important factors that could prevent us from achieving our goals, and cause the assumptions underlying forward-looking statements and the actual results to differ materially from those expressed in or implied by those forward-looking statements include, but are not limited to, the following:

- our ability to raise funds in the future to support operations failure to realize synergies and other financial benefits from mergers and acquisitions within expected time frames, including increases in expected costs or difficulties related to integration of merger and acquisition partners;
- inability to identify and successfully negotiate and complete additional combinations with potential merger or acquisition partners or to successfully integrate such businesses;
- our history of operating losses;
- our limited operating history in a new and unproven market;
- increasing competition in the market for online professional networks;
- our ability to comply with increasing governmental regulation and other legal obligations related to privacy;
- our ability to adapt to changing technologies and social trends and preferences;
- our ability to attract and retain a sales and marketing team, management and other key personnel and the ability of that team to execute on the Company’s business strategies and plans;
- our ability to obtain and maintain intellectual property protection for our intellectual property;
- any future litigation regarding our business, including intellectual property claims;
- general and economic business conditions; and
- legal and regulatory developments.

The foregoing list of important factors may not include all such factors. You should consult other disclosures made by the Company (such as in our other filings with the SEC or in company press releases) for additional factors, risks and uncertainties that may cause actual results to differ materially from those projected by the Company. Please refer to Part I, Item 1A, “Risk Factors” of our 2019 Annual Report for additional information regarding factors that could affect our results of operations, financial condition and cash flow. You should consider these factors, risks and uncertainties when evaluating any forward-looking statements and you should not place undue reliance on any forward-looking statement. Forward-looking statements represent our views as of the date of this Quarterly Report, and we undertake no obligation to update any forward-looking statement to reflect the impact of circumstances or events that arise after the date of this Quarterly Report.

PROFESSIONAL DIVERSITY NETWORK, INC.

FORM 10-Q
FOR THE THREE MONTHS ENDED MARCH 31, 2020
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Item 1. FINANCIAL STATEMENTS

Professional Diversity Network, Inc. and Subsidiaries
CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)

	March 31, 2020 (Unaudited)		December 31, 2019	
Current Assets:				
Cash and cash equivalents	$	1,555,203	$	633,615
Accounts receivable, net		287,354		720,750
Incremental direct costs		26,119		33,258
Prepaid expense and other current assets		307,182		240,763
Current assets from discontinued operations		31,182		75,996
Total current assets		2,207,040		1,704,382
Property and equipment, net		13,905		21,188
Capitalized technology, net		74,752		95,884
Goodwill		339,451		339,451
Intangible assets, net		433,333		452,385
Right-of-use assets		54,149		93,251
Merchant reserve		760,849		760,849
Security deposits		15,033		15,033
Long-term assets from discontinued operations		2,882,887		3,109,200
Total assets	$	6,781,399	$	6,591,623
Current Liabilities:				
Accounts payable	$	983,713	$	796,137
Accrued expenses		1,031,165		654,169
Deferred revenue		1,549,165		1,699,001
Lease liability, current portion		60,910		105,083
Current liabilities from discontinued operations		322,709		564,044
Total current liabilities		3,947,662		3,818,434
Deferred tax liability		215,345		221,254
Total liabilities		4,163,007		4,039,688
Commitments and contingencies				
Stockholders' Equity				
Common stock, $0.01 par value; 45,000,000 shares authorized, 10,922,021 shares and 8,928,611 shares issued as of March 31 2020 and December 31, 2019, and 10,920,973 and 8,927,563 shares outstanding as of March 31, 2020 and December 31, 2019		109,209		89,286
Additional paid in capital		92,625,541		91,126,784
Accumulated other comprehensive income		84,115		44,242
Accumulated deficit		(90,163,356)		(88,671,260)
Treasury stock, at cost; 1,048 shares at March 31, 2020 and December 31, 2019		(37,117)		(37,117)
Total stockholders' equity		2,618,392		2,551,935
Total liabilities and stockholders' equity	$	6,781,399	$	6,591,623

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

Professional Diversity Network, Inc. and Subsidiaries
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS (Unaudited)

	Three Months Ended March 31,	
	2020	2019
Revenues:		
Membership fees and related services	$ 383,831	$ 794,539
Recruitment services	566,687	474,260
Products sales and other	1,431	2,812
Consumer advertising and marketing solutions	30,348	35,716
Total revenues	982,297	1,307,327
Costs and expenses:		
Cost of revenues	173,477	183,659
Sales and marketing	524,969	695,767
General and administrative	1,660,854	1,077,900
Depreciation and amortization	52,001	217,183
Total costs and expenses	2,411,301	2,174,509
Loss from continuing operations	(1,429,004)	(867,182)
Other income (expense)		
Interest expense	-	(2,583)
Interest and other income	664	-
Other income (expense), net	664	(2,583)
Loss before income tax benefit	(1,428,340)	(869,765)
Income tax benefit	(5,909)	(65,633)
Loss from continuing operations	(1,422,431)	(804,132)
Loss from discontinued operations	(69,665)	(355,237)
Net loss	$ (1,492,096)	$ (1,159,369)
Other comprehensive loss:		
Net loss	$ (1,492,096)	$ (1,159,369)
Foreign currency translation adjustment	39,873	23,035
Comprehensive loss:	$ (1,452,223)	$ (1,136,334)
Basic and diluted loss per share:		
Continuing operations	$ (0.16)	$ (0.16)
Discontinued operations	$ (0.01)	$ (0.07)
Net loss	$ (0.17)	$ (0.23)
Weighted average outstanding shares used in computing net loss per common share:		
Basic and diluted	8,969,475	4,969,230

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

Professional Diversity Network, Inc. and Subsidiaries
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

	Three Months Ended March 31,	
	2020	**2019**
Cash flows from operating activities:		
Loss from continuing operations	$ (1,422,431)	$ (804,132)
Adjustments to reconcile net loss from continuing operations to net cash used in operating activities - continuing operations:		
Depreciation and amortization	52,001	217,184
Deferred tax benefit	(5,909)	(66,844)
Amortization of right-of-use asset	39,102	38,003
Accretion of lease liability	1,469	2,568
Stock-based compensation expense	18,680	8,289
Write-off of property and equipment	-	581
Litigation settlement reserve	450,000	-
Payment of lease obligations	(45,642)	(44,210)
Changes in operating assets and liabilities, net of effects of discontinued operations:	-	-
Accounts receivable	433,396	370,877
Prepaid expenses and other current assets	(66,419)	(117,950)
Incremental direct costs	7,139	(27,357)
Accounts payable	187,576	(145,584)
Accrued expenses	(73,004)	(52,235)
Deferred revenue	(149,836)	(206,913)
Net cash used in operating activities - continuing operations	(573,878)	(827,723)
Net cash provided by operating activities - discontinued operations	15,573	365,445
Net cash used in operating activities	**(558,305)**	**(462,278)**
Cash flows from investing activities:		
Costs incurred to develop technology	(3,700)	-
Purchases of property and equipment	(834)	-
Net cash used in investing activities - continuing operations	(4,534)	-
Net cash used in investing activities - discontinued operations	(171)	(3,640)
Net cash provided used in investing activities	**(4,705)**	**(3,640)**
Cash flows from financing activities:		
Proceeds from the sale of common stock	1,500,000	372,896
Repayment of note payable - related party	-	(292,882)
Proceeds from line of credit - related party	-	292,882
Net cash provided by financing activities - continuing operations	1,500,000	372,896
Net cash provided by financing activities	**1,500,000**	**372,896**
Effect of exchange rate fluctuations on cash and cash equivalents	(15,402)	20,649
Net increase (decrease) in cash and cash equivalents	936,990	(93,022)
Cash, cash equivalents, beginning of period	633,615	105,670
Cash and cash equivalents, end of period	1,555,203	33,297
Supplemental disclosures of other cash flow information:		
Cash paid for income taxes	$ -	$ 6,966

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

Professional Diversity Network, Inc. and Subsidiaries
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (Unaudited)

	Common Stock		Additional Paid in Capital	Accumulated Deficit	Treasury Stock		Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount			Shares	Amount		
Balance at January 1, 2020	**8,928,611**	**$ 89,286**	**$ 91,126,784**	**$ (88,671,260)**	**1,048**	**$ (37,117)**	**$ 44,242**	**$ 2,551,935**
Sale of common stock	1,939,237	19,392	1,480,608	-	-	-	-	1,500,000
Issuance of common stock	53,125	531	(531)	-	-	-	-	-
Share-based compensation	-	-	18,680	-	-	-	-	18,680
Translation adjustments	-	-	-	-	-	-	39,873	39,873
Net loss	-	-	-	(1,492,096)	-	-	-	(1,492,096)
Balance at March 31, 2020	**10,920,973**	**$ 109,209**	**$ 92,625,541**	**$ (90,163,356)**	**1,048**	**$ (37,117)**	**$ 84,115**	**$ 2,618,392**

	Common Stock		Additional Paid in Capital	Accumulated Deficit	Treasury Stock		Comprehensive Income (Loss)	Stockholders' Equity
	Shares	Amount			Shares	Amount		
Balance at January 1, 2019	**4,856,213**	**$ 48,562**	**$ 83,728,903**	**$ (84,826,796)**	**1,048**	**$ (37,117)**	**$ (24,340)**	**$ (1,110,788)**
Sale of common stock	203,963	2,040	370,856	-	-	-	-	372,896
Share-based compensation	-	-	8,289	-	-	-	-	8,289
Translation adjustments	-	-	-	-	-	-	23,035	23,035
Net loss	-	-	-	(1,159,369)	-	-	-	(1,159,369)
Balance at March 31, 2019	**5,060,176**	**$ 50,602**	**$ 84,108,048**	**$ (85,986,165)**	**1,048**	**$ (37,117)**	**$ (1,305)**	**$ (1,865,937)**

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

Professional Diversity Network, Inc. and Subsidiaries
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

1. Basis of Presentation and Description of Business

The accompanying condensed consolidated financial statements have been prepared in conformity with U.S. GAAP pursuant to the rules and regulations of the Securities and Exchange Commission (SEC) for interim financial information. Accordingly, they do not include all of the information and notes required by U.S. GAAP for complete financial statements. The accompanying condensed consolidated financial statements include all adjustments, which consist of normal recurring adjustments and transactions or events discretely impacting the interim periods, considered necessary by management to fairly state our results of operations, financial position and cash flows. The operating results for interim periods are not necessarily indicative of results that may be expected for any other interim period or for the full year. These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in our 2019 Form 10-K.

Professional Diversity Network, Inc. is both the operator of the Professional Diversity Network (the "Company," "we," "our," "us," "PDN Network," "PDN" or the "Professional Diversity Network") and a holding company for NAPW, Inc., a wholly-owned subsidiary of the Company and the operator of the National Association of Professional Women (the "NAPW Network" or "NAPW"). The PDN Network operates online professional networking communities with career resources specifically tailored to the needs of different diverse cultural groups including: Women, Hispanic-Americans, African-Americans, Asian-Americans, Disabled, Military Professionals, Lesbians, Gay, Bisexual and Transgender (LGBT), and Students and Graduates seeking to transition from education to career. The networks' purposes, among others, are to assist its registered users in their efforts to connect with like-minded individuals, identify career opportunities within the network and connect with prospective employers. The Company's technology platform is integral to the operation of its business. The NAPW Network is networking organization for professional women, whereby its members can develop their professional networks, further their education and skills, and promote their business and career accomplishments. NAPW provides its members with opportunities to network and develop valuable business relationships with other professionals through its website, as well as at events hosted at its local chapters across the country. The Company established business operations in China in 2017. Our business activities, similar to those in the United States, will be focused on providing tools, products and services in China, which will assist in personal and professional development.

In March 2020, our Board decided to suspend all China operations generated by the former CEO, Michael Wang. The results of China operations are presented in the condensed consolidated statements of operations and comprehensive loss as net loss from discontinued operations. On March 19, 2020, Jiangxi PDN Culture Media Co., Ltd. ("Jiangxi PDN"), a company established under the laws of the People's Republic of China and a variable interest entity (VIE) controlled by Professional Diversity Network, Inc. ("PDN"), issued a Notice of Termination of the Agreement of Acquisition and Equity Transfer (the "Termination"). This Notice was exercised under Jiangxi PDN's unilateral right and was delivered on March 19, 2020. Under the terms of the Termination, no additional due diligence shall be completed, any materials shall be returned to the respective owners, and there shall be no breakup fee or penalty associated with this Termination. We expect no further involvement in this matter.

2. Going Concern and Management's Plans

At March 31, 2020, the Company's principal sources of liquidity were its cash and cash equivalents and the net proceeds from the sale of common stock during the first quarter of 2020.

The Company had an accumulated deficit of ($90,163,356) at March 31, 2020. During the three months ended March 31, 2020, the Company generated a net loss from continuing operations of ($1,422,000) and used cash in continuing operations of $574,000. At March 31, 2020, the Company had a cash balance of $1,555,000. Total revenues were approximately $982,000 and $1,307,000 for the three months ended March 31, 2020 and 2019. The Company had a working capital deficiency from continuing operations of approximately ($1,741,000) and ($2,114,000) at March 31, 2020 and December 31, 2019. These conditions raise substantial doubt about its ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent on the Company's ability to further implement its business plan, raise capital, and generate revenues. The consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

Management believes that its available cash on hand and cash flow from operations may not be sufficient to meet our working capital requirements for the twelve month period subsequent to the issuance of our financial statements. In order to accomplish our business plan objectives, the Company will need to continue its cost reduction efforts, increase revenues, raising capital through the issuance of common stock, or through a strategic merger or acquisition. However, there can be no assurances that our business plans and actions will be successful, that we will generate anticipated revenues, or that unforeseen circumstances will not require additional funding sources in the future or effectuate plans to conserve liquidity. Future efforts to improve liquidity through the issuance of our common stock may not be successful or they may not be available on acceptable terms, if at all. In addition, due to China's foreign currency control, the Company cannot move money between China and the USA freely. The People's Bank of China (PBOC) and State Administration of Foreign Exchange (SAFE) regulate the flow of foreign exchange in and out of the country strictly. We need to get approval from Chinese government to move money from China to the U.S. which might take extra time.

On March 22, 2020, the Company entered into an agreement with Malven Group Limited, a company established under the laws of the British Virgin Islands, in connection with the purchase of 1,939,237 shares of common stock of the Company at a price of $0.7735 per share for gross proceeds of $1,500,000. The closing of the transaction took place on March 31, 2020.

3. Summary of Significant Accounting Policies

Principles of Consolidation - The accompanying condensed consolidated financial statements include the accounts of the Company, its wholly-owned subsidiaries and a variable interest entity. All significant intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates – The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Making estimates requires management to exercise significant judgment. It is at least reasonably possible that the estimate of the effect of a condition, situation or set of circumstances that existed at the date of the financial statements, which management considered in formulating its estimate, could change in the near term due to one or more future intervening events. Accordingly, the actual results could differ significantly from estimates.

Significant estimates underlying the financial statements include the fair value of acquired assets and liabilities associated with acquisitions; the assessment of goodwill for impairment, intangible assets and long-lived assets for impairment; allowances for doubtful accounts and assumptions related to the valuation allowances on deferred taxes, impact of applying the revised federal tax rates on deferred taxes, the valuation of stock-based compensation and the valuation of stock warrants.

Cash Equivalents - The Company considers cash equivalents to include all short-term, highly liquid investments that are readily convertible to known amounts of cash and have original maturities of three months or less.

Accounts Receivable - Accounts receivable represent receivables generated from fees earned from customers and advertising revenue. The Company's policy is to reserve for uncollectible accounts based on its best estimate of the amount of probable credit losses in its existing accounts receivable. The Company periodically reviews its accounts receivable to determine whether an allowance for doubtful accounts is necessary based on an analysis of past due accounts and other factors that may indicate that the realization of an account may be in doubt. Account balances deemed to be uncollectible are charged to the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. As of March 31, 2020 and December 31, 2019, the allowance for doubtful accounts amounted to $47,639 and $20,007.

Incremental Direct Costs - Incremental direct costs incurred in connection with enrolling members in the NAPW Network consist of sales commissions paid to the Company's direct sales agents. Incremental direct costs associated with the PDN Network consists of commissions paid to third-party agencies. Commissions associated with the NAPW Network are deferred and amortized over the term of the membership, which is a 12-month period and agency commissions associated with the PDN Network are deferred and amortized over the membership service period. Total incremental direct costs related to the NAPW and PDN Network amounted to $29,000 and $32,000 during the three months ended March 31, 2020 and 2019.

Property and Equipment - Property and equipment is stated at cost, including any cost to place the property into service, less accumulated depreciation. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets which currently range from three to five years. Leasehold improvements are amortized over the shorter of their estimated useful lives or the term of the lease. Maintenance, repairs and minor replacements are charged to operations as incurred; major replacements and betterments are capitalized. The cost of any assets sold or retired and related accumulated depreciation are removed from the accounts at the time of disposition, and any resulting profit or loss is reflected in income or expense for the period.

Capitalized Technology Costs - In accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 350-40, Internal-Use Software, the Company capitalizes certain external and internal computer software costs incurred during the application development stage. The application development stage generally includes software design and configuration, coding, testing and installation activities. Training and maintenance costs are expensed as incurred, while upgrades and enhancements are capitalized if it is probable that such expenditures will result in additional functionality. Capitalized software costs are amortized over the estimated useful lives of the software assets on a straight-line basis, generally not exceeding three years.

Business Combinations - ASC 805, Business Combinations ("ASC 805"), applies the acquisition method of accounting for business combinations to all acquisitions where the acquirer gains a controlling interest, regardless of whether consideration was exchanged. ASC 805 establishes principles and requirements for how the acquirer: a) recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any non-controlling interest in the acquiree; b) recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase; and c) determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. Accounting for acquisitions requires the Company to recognize, separately from goodwill, the assets acquired and the liabilities assumed at their acquisition-date fair values. Goodwill as of the acquisition date is measured as the excess of consideration transferred and the net of the acquisition-date fair values of the assets acquired and the liabilities assumed. While the Company uses its best estimates and assumptions to accurately value assets acquired and liabilities assumed at the acquisition date, the estimates are inherently uncertain and subject to refinement. As a result, during the measurement period, which may be up to one year from the acquisition date, the Company may record adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill. Upon the conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded to the consolidated statements of operations.

Goodwill and Intangible Assets - The Company accounts for goodwill and intangible assets in accordance with ASC 350, Intangibles – Goodwill and Other ("ASC 350"). ASC 350 requires that goodwill and other intangibles with indefinite lives should be tested for impairment annually or on an interim basis if events or circumstances indicate that the fair value of an asset has decreased below its carrying value.

Goodwill is tested for impairment at the reporting unit level on an annual basis (December 31 for the Company) and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. The Company considers its market capitalization and the carrying value of its assets and liabilities, including goodwill, when performing its goodwill impairment test.

When conducting its annual goodwill impairment assessment, the Company initially performs a qualitative evaluation of whether it is more likely than not that goodwill is impaired. If it is determined by a qualitative evaluation that it is more likely than not that goodwill is impaired, the Company then compares the fair value of the Company's reporting unit to its carrying or book value. If the fair value of the reporting unit exceeds its carrying value, goodwill is not impaired and the Company is not required to perform further testing. If the carrying value of a reporting unit exceeds its fair value, the Company will measure any goodwill impairment losses as the amount by which the carrying amount of a reporting unit exceeds its fair value, not to exceed the total amount of goodwill allocated to that reporting unit.

Treasury Stock – Treasury stock is recorded at cost as a reduction of stockholders' equity in the accompanying balance sheets.

Revenue Recognition – Revenue is recognized when all of the following conditions exist: (1) persuasive evidence of an arrangement exists, (2) services are performed, (3) the sales price is fixed or determinable, and (4) collectability is reasonably assured.

Membership Fees and Related Services

Membership fees are collected up-front and member benefits become available immediately; however those benefits must remain available over the 12-month membership period. At the time of enrollment, membership fees are recorded as deferred revenue and are recognized as revenue ratably over the 12-month membership period. Members who are enrolled in this plan may cancel their membership in the program at any time and receive a partial refund (amount remaining in deferred revenue) or due to consumer protection legislation, a full refund based on the policies of the member's credit card company.

We also offer a monthly membership for which we collect fees on a monthly basis and we recognize revenue in the same month as we collect the monthly fees.

Revenue from related membership services are derived from fees for development and set-up of a member's personal on-line profile and/or press release announcements. Fees related to these services are recognized as revenue at the time the on-line profile is complete and press release is distributed.

Deferred Revenue – Deferred revenue includes customer deposits received prior to performing services which are recognized as revenue when revenue recognition criteria are met, and membership fees for annual memberships that are collected at the time of enrollment and are recognized as revenue ratably over the 12-month membership period.

Recruitment Services

The Company's recruitment services revenue is derived from the Company's agreements through single and multiple job postings, recruitment media, talent recruitment communities, basic and premier corporate memberships, hiring campaign marketing and advertising, e-newsletter marketing and research and outreach services. Recruitment revenue includes revenue recognized from direct sales to customers for recruitment services and events, as well as revenue from the Company's direct e-commerce sales. Direct sales to customers are most typically a twelve-month contract for services and as such the revenue for each contract is recognized ratably over its twelve-month term. Event revenue is recognized in the month that the event takes place and e-commerce sales are for one-month job postings and the revenue from those sales are recognized in the month the sale is made. Our recruitment services mainly consist of the following products:

- On-line job postings to our diversity sites and to our broader network of websites including the National Association for the Advancement of Colored People, National Urban League and over 20 other partner organizations
- OFCCP job promotion and recordation services
- Diversity job fairs, both in person and virtual fairs
- Diversity recruitment job advertising services
- Cost per application, a service that employers can purchase whereby PDN sources qualified candidates and charges only for those applicants who meet the employers' minimum qualifications
- Diversity executive staffing services

Product Sales and Other Revenue

Products offered to members relate to custom made plaques. Product sales are recognized as deferred revenue at the time the initial order is placed. Revenue is then recognized at the time these products are shipped. The Company's shipping and handling costs are included in cost of sales in the accompanying consolidated statements of operations.

Education and Training

The Company works with its business partners to provide education and training seminars to business people in China. Revenues are recognized in the month when the seminar takes place.

Consumer Advertising and Marketing Solutions

The Company provides career opportunity services to its various partner organizations through advertising and job postings on their websites. The Company works with its partners to develop customized websites and job boards where the partners can generate advertising, job postings and career services to their members, students and alumni. Consumer advertising and marketing solutions revenue is recognized as jobs are posted to their hosted sites.

The Company's partner organizations include NAACP and National Urban League,VetJobs, among others.

Discontinued Operations

China Operations

On November 25, 2019, PDN China received a Seizure Decision Notice (the "Notice") from the Yuexiu District Branch of the Police Department of Guangzhou City, the People's Republic of China. The Notice stated that it is necessary to seize the assets of PDN China in connection with the criminal investigation of alleged illegal public fund raising by Gatewang Group (the "Gatewang Case"), a separate company organized under the laws of the People's Republic of China ("Gatewang"), with which Mr. Maoji (Michael) Wang, the former Chairman and CEO of the Company ("Michael Wang") is affiliated, who was subsequently held in custody by the local police department.

In response to such events, on December 12, 2019 the Company's Board of Directors (the "Board") established the Special Committee to investigate the situation, and retained the international law firm of King & Wood Mallesons ("KWM") to assist the Special Committee in connection with the Special Committee's investigation of the Company's operations in the People's Republic of China and related events, in collaboration with the Company's external auditor Ciro E. Adams CPA LLC. KWM conducted extensive research into public records in China, and interviewed the relevant divisions of the Public Security Bureau in China and any related witnesses in relation to the operations and specific transactions that had some relationship to the Gatewang entities. On April 16, 2020, based upon the information obtained, the investigation team concluded that it did not found any evidence that the Company or PDN China has engaged in the alleged illegal fund-raising by Gatewang.

The Investigation also revealed that three entities and two individuals (the "Payors"), who appeared to be related to Gatewang, collectively paid RMB 14.25 million to PDN China on behalf of EGBT Foundation Ltd., a private placement investor that purchased 1,265,823 shares of the Company's common stock (approximately 11.6%) in September 2019 (the "EGBT Transaction"). To the knowledge of the Investigation team, the bank account holding the proceeds of the EGBT Transaction is still frozen by the Chinese authorities, although the seizure of PDN China by the local police had been lifted on March 23, 2020. Such funds may continue to be subject to the PRC government's jurisdiction if the source of funds is actually (or perceived to be) connected to Gatewang, which will likely complicate the decision by the Chinese authorities to unfreeze PDN China's bank account. If and when the bank account is unfrozen, the Company will consider whether the EGBT Transaction needs to be unwound or further documented to be in full compliance with applicable law.

The Company's operations in China have been suspended since December 2019. On March 4, 2020 the Board decided to discontinue all of the Company's operations in the People's Republic of China, namely PDN (China) International Culture Development Co. Ltd., a wholly owned subsidiary of the Company, Jiangxi PDN Culture Media Co., Ltd. ("PDN Jiangxi"), a variable interest entity controlled by of the Company, and the joint venture between PDN Jiangxi, Guangzhou Zengcheng District Zhili Education Training Center and Guangzhou Angyue Education Consulting Co. Ltd.

All historical operating results for the Company's China operations are included in a loss from discontinued operations, net of tax, in the accompanying statement of operations. For the three months ended March 31, 2020, loss from discontinued operations was approximately ($70,000) compared to a loss from discontinued operations of ($355,000) for the three months ended March 31, 2019.

Assets and liabilities of China operations are now included in current assets and long-term assets from discontinued operations, and current liabilities and long-term liabilities from discontinued operations. As of March 31, 2020, current assets from discontinued operations were approximately $31,000, compared to approximately $76,000 as of December 31, 2019, and long-term assets from discontinued operations were approximately $2,883,000 at March 31, 2020, compared to approximately $3,109,000 as of December 31, 2019. As of March 31, 2020, current liabilities from discontinued operations were approximately $323,000, compared to approximately $564,000 as of December 31, 2019.

Operating Results of Discontinued Operations

The following table represents the components of operating results from discontinued operations, as presented in the statements of operations and comprehensive loss for the three months ended March 31, 2020 and 2019:

	Three Months Ended March 31,	
	2020	**2019**
Revenues	$ -	$ 39,178
Cost of Sales	7,356	16,598
Depreciation and amortization	-	4,239
Sales and marketing	1,695	84,980
General and administrative	60,614	283,048
Non-operating income (expense)	-	(5,550)
Loss from discontinued operations before income tax	(69,665)	(355,237)
Income tax expense (benefit)	-	-
Net loss from discontinued operations	$ (69,665)	$ (355,237)

Advertising and Marketing Expenses – Advertising and marketing expenses are expensed as incurred or the first time the advertising takes place. The production costs of advertising are expensed the first time the advertising takes place. For the three months ended March 31, 2020 and 2019, the Company incurred advertising and marketing expenses of approximately $158,000 and $137,000. These amounts are included in sales and marketing expenses in the accompanying statements of operations. At March 31, 2020 and December 31, 2019, there were no prepaid advertising expenses recorded in the accompanying balance sheets.

Concentrations of Credit Risk - Financial instruments, which potentially subject the Company to concentration of credit risk, consist principally of cash and cash equivalents and accounts receivable. The Company places its cash with high credit quality institutions. At times, such amounts may be in excess of the FDIC insurance limits. The Company has not experienced any losses in such accounts and believes that it is not exposed to any significant credit risk on the account.

Income Taxes - The Company accounts for income taxes in accordance with ASC 740, Income Taxes, which requires that the Company recognize deferred tax liabilities and assets based on the differences between the financial statement basis and tax basis of assets and liabilities, using enacted tax rates in effect for the year in which the differences are expected to reverse. The Company estimates the degree to which tax assets and credit carryforwards will result in a benefit based on expected profitability by tax jurisdiction. A valuation allowance for such tax assets and loss carryforwards is provided when it is determined to be more likely than not that the benefit of such deferred tax asset will not be realized in future periods. If it becomes more likely than not that a tax asset will be used, the related valuation allowance on such assets would be reduced.

ASC 740 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with ASC 740-20 and prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. There were no unrecognized tax benefits as of March 31, 2020. The Company is currently not aware of any issues under review that could result in significant payments, accruals or material deviation from its position.

The Company may be subject to potential income tax examinations by federal or state authorities. These potential examinations may include questioning the timing and amount of deductions, the nexus of income among various tax jurisdictions and compliance with federal and state tax laws. Management does not expect that the total amount of unrecognized tax benefits will materially change over the next twelve months. Tax years that remain open for assessment for federal and state tax purposes include the years ended December 31, 2016 through 2019.

The Company's policy for recording interest and penalties associated with audits is to record such expense as a component of income tax expense. There were no amounts accrued for penalties or interest as of March 31, 2020.

Fair Value of Financial Assets and Liabilities - Financial instruments, including cash and cash equivalents, short-term investments and accounts payable, are carried at cost. Management believes that the recorded amounts approximate fair value due to the short-term nature of these instruments.

Net Loss per Share - The Company computes basic net loss per share by dividing net loss available to common stockholders by the weighted average number of common shares outstanding for the period and excludes the effects of any potentially dilutive securities. Diluted earnings per share, if presented, would include the dilution that would occur upon the exercise or conversion of all potentially dilutive securities into common stock using the "treasury stock" and/or "if converted" methods as applicable. The computation of basic net loss per share for the three months ended March 31, 2020 and 2019 excludes the potentially dilutive securities summarized in the table below because their inclusion would be anti-dilutive.

	Three Months Ended March 31,	
	2020	**2019**
Warrants to purchase common stock	125,000	170,314
Stock options	39,126	409,126
Unvested restricted stock units	-	83,057
Unvested restricted stock	-	4,886
Total dilutive securities	164,126	667,383

Recent Accounting Pronouncements

In December 2019, the Financial Accounting Standards Board ("FASB") issued ASU 2019-12, Income Taxes (ASU 2019-02): Simplifying the Accounting for Income Taxes which simplifies the accounting for income taxes by removing certain exceptions related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period, and by clarifying and amending existing guidance in order to improve consistent application of and simplify GAAP for other areas of Topic 740. ASU 2019-12 is effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2020. Early adoption is permitted, including adoption in an interim period. The Company is currently evaluating the adoption of this pronouncement guidance.

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. This update provides optional expedients and exceptions for applying generally accepted accounting principles to certain contract modification and hedging relationships that reference London Inter-bank Offered Rate (LIBOR) or another reference rate expected to be discontinued. The guidance is effective upon issuance and generally can be applied through December 31, 2022. The Company is currently evaluating the potential impact of this ASU on its condensed consolidated financial statements.

4. Capitalized Technology

Capitalized Technology, net is as follows:

		March 31, 2020		December 31, 2019
Capitalized cost:				
Balance, beginning of period	$	2,165,545	$	2,163,044
Additional capitalized cost		3,700		2,501
Balance, end of period		2,169,245		2,165,545
Accumulated amortization:				
Balance, beginning of period	$	2,087,886	$	1,968,213
Provision for amortization		6,607		101,448
Balance, end of period		2,094,493		2,069,661
Capitalized Technology, net		74,752		95,884

For the three months ended March 31, 2020 and 2019, amortization expense was $6,605 and $25,000, respectively, and is recorded in depreciation and amortization expense in the accompanying statements of operations.

5. Intangible Assets

Intangible assets, net was as follows:

March 31, 2020	Useful Lives (Years)		Gross Carrying Amount		Accumulated Amortization		Net Carrying Amount
Long-lived intangible assets:							
Sales Process	10	$	2,130,956	$	(1,788,023)	$	342,933
Paid Member Relationships	5		803,472		(803,472)		-
Member Lists	5		8,086,181		(8,086,181)		-
Developed Technology	3		648,000		(648,000)		-
Trade Name/Trademarks	4		440,000		(440,000)		-
			12,108,609		(11,765,676)		342,933
Indefinite-lived intangible assets:							
Trade name							90,400
Intangible assets, net						$	433,333

December 31, 2019	Useful Lives (Years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Long-lived intangible assets:				
Sales Process	10	$ 2,130,956	$ (1,768,971)	$ 361,985
Paid Member Relationships	5	803,472	(803,472)	-
Member Lists	5	8,086,181	(8,086,181)	-
Developed Technology	3	648,000	(648,000)	-
Trade Name/Trademarks	4	440,000	(440,000)	-
		12,108,609	(11,746,624)	361,985
Indefinite-lived intangible assets:				
Trade name				90,400
Intangible assets, net				$ 452,385

As of March 31, 2020, estimated amortization expense in future fiscal years is summarized as follows:

Year ended December 31,	
Remaining of 2020	$ 57,155
2021	76,207
2022	76,207
2023	76,207
2024 and thereafter	57,157
	$ 342,933

For the three months ended March 31, 2020 and 2019, amortization expense was $19,052 and $183,000, respectively, and is recorded in depreciation and amortization expense in the accompanying statements of operations.

6. Revolving Credit Facility – Related Party

On November 16, 2018, the Company entered into a revolving credit facility agreement with GNet Tech Holdings Public Limited Company (GNet), “), that matures on May 31, 2020, under which we can draw up to GBP £1,500,000 (approximately $2,000,000). Interest is payable on any outstanding principal balance at a rate equal to the LIBOR rate plus 4%. Amounts drawn under this facility are payable at the end of one, three, or six months periods at the election of the Company. On January 14, 2019, the Company drew $293,000 under this facility and repaid it on June 7, 2019. At December 31, 2019, the Company did not have any outstanding debt under this facility. At March 31, 2020, the Company did not have any outstanding debt under this facility and does not intend to draw under it until its expiration.

7. Commitments and Contingencies

Lease Obligations - The Company leases office space and equipment under various operating lease agreements, including an office for its headquarters, as well as office spaces for its events business, sales and administrative offices under non-cancelable lease arrangements that provide for payments on a graduated basis with various expiration dates.

As of March 31, 2020, right of use assets were $54,149 and current lease obligations were $60,910.

PDN China’s bank account with balance of approximately $2,987,939 was frozen by Guangzhou Police due to Gatewang Case. The Company has classified this entire cash balance as a long-term asset presented in discontinued operations.

Legal Proceedings

In a letter dated October 12, 2017, White Winston Select Asset Funds ("White Winston") threatened to assert claims against the Company in excess of $2 million based on White Winston's contention that the Company's conduct delayed White Winston's ability to sell shares in the Company during a period when the Company's stock price was generally falling. On April 30, 2018, White Winston filed a lawsuit, entitled White Winston Select Asset Funds, LLC v. Professional Diversity Network, Inc., No. 18-cv-10844, (the "Federal Action") in the United States District Court for the District of Massachusetts, asserting federal jurisdiction based on diversity of citizenship. The four-count complaint in the Federal Action alleged that White Winston is entitled to recover compensatory damages of $1,708,233, plus attorneys' fees, treble damages and other amounts. White Winston served the complaint on July 12, 2018, and the Company moved to dismiss the entire action for failure to state a claim. On October 15, 2018, prior to addressing the motion to dismiss, the Court issued an order noting that White Winston (which is a limited liability company) had failed to allege the citizenship of its members and ordered White Winston to show cause that complete diversity exists between the parties and that the Court had jurisdiction. On October 23, 2018, White Winston dismissed the Federal Action without prejudice. On December 18, 2018, White Winston filed a complaint in Massachusetts Superior Court in Suffolk County in Boston alleging the same claims and rights to relief as in the Federal Action. The Company has moved to once again to dismiss the complaint in its entirety for failure to state a claim. The entire motion package, comprised of the Company's motion to dismiss and accompanying memorandum, White Winston's opposition, and the Company's reply brief, were filed with the court on Monday, March 25, 2019. This motion was not granted. We have since then substantially completed all of the discovery process and will begin expert witness disclosures. The Company denies liability for all claims.

NAPW is a defendant in a Nassau County (NY) Supreme Court case, whereby TL Franklin Avenue Plaza LLC has sued NAPW Case index No. LT-000421/2018, with respect to NAPW's former Garden City NY Premises. NAPW had surrendered the Premises to the Landlord, and the Landlord is suing NAPW for the balance of the rent due under the Lease Term. The case is currently being litigated, and we are currently in the fact damages phase of the litigation.

The Company is a party to a proceeding captioned Gerbie, et al. v. Professional Diversity Network, Inc. (U.S. Dist. Ct., N.D. Ill.), a putative class action alleging violations of the Telephone Consumer Protection Act. A settlement has been reached and case has been dismissed by the court. The Company believes that its practices and procedures were compliant with the Telephone Consumer Protection Act and admitted no fault.

The Company and its wholly-owned subsidiary, NAPW, Inc., are parties to a proceeding captioned Deborah Bayne, et al. vs. NAPW, Inc. and Professional Diversity Network, Inc., No. 18-cv-3591 (E.D.N.Y.), filed on June 20, 2018 and alleging violations of the Fair Labor Standards Act and certain provisions of the New York Labor Law. The Company disputes that it or its subsidiary violated the applicable laws or that either entity has any liability and intends to vigorously defend against these claims. The matter is in the final stages of discovery and we have completed depositions of relevant witnesses. During the first quarter of 2020, the Company recorded a $450,000 litigation settlement reserve in the event of an unfavorable outcome in this proceeding.

We are also generally subject to legal proceedings and litigation arising in the ordinary course of business.

General Legal Matters

From time to time, the Company is involved in legal matters arising in the ordinary course of business. While the Company believes that such matters are currently not material, there can be no assurance that matters arising in the ordinary course of business for which the Company is, or could be, involved in litigation, will not have a material adverse effect on its business, financial condition or results of operations.

8. CFL Transaction

On August 12, 2016, the Company entered into a stock purchase agreement (the "Purchase Agreement"), with CFL, a Republic of Seychelles company wholly-owned by a group of Chinese investors. Pursuant to the Purchase Agreement, the Company agreed to issue and sell to CFL (the "Share Issuance and Sale"), and CFL agreed to purchase, at a price of $9.60 per share (the "Per Share Price"), upon the terms and subject to the conditions set forth in the Purchase Agreement, a number of shares of the Company's common stock, par value $0.01 per share (the "Common Stock"), such that CFL will hold shares of Common Stock equal to approximately 51% of the outstanding shares of Common Stock, determined on a fully-diluted basis, after giving effect to the consummation of the transactions contemplated by the Purchase Agreement, including the Tender Offer described below (the "CFL Transaction").

On November 7, 2016, the Company consummated the Share Issuance and Sale of 1,777,417 shares of its common stock to CFL at a price of $9.60 per share, pursuant to the terms of the Purchase Agreement, dated August 12, 2016. In addition, on November 7, 2016, the Company completed the purchase of 312,500 shares of its common stock at a price of $9.60 per share, net to the seller in cash, pursuant to the Tender Offer. The Company received approximately $9,000,000 in net proceeds from the Share Issuance and Sale, after the payment for the shares repurchased in the Tender Offer, the repayment of all amounts outstanding under the Master Credit Facility and the payment of transaction-related expenses.

At the closing of the CFL Transaction, the Company entered into a Stockholders' Agreement, dated November 7, 2016 (the "Stockholders' Agreement") with CFL and each of its shareholders: Maoji (Michael) Wang, Jingbo Song, Yong Xiong Zheng and Nan Kou (the "CFL Shareholders"). The Stockholders' Agreement sets forth the agreement of the Company, CFL and the CFL Shareholders relating to board representation rights, transfer restrictions, standstill provisions, voting, registration rights and other matters following the closing of the Share Issuance and Sale (see Note 13).

On November 15, 2019, CFL purchased additional 1,142,857 shares of the Company's common stock for $1.75 per share for gross proceeds of $2,000,000 from an existing shareholder.

9. Stockholders' Equity

Preferred Stock – The Company has no preferred stock issued. The Company's amended and restated certificate of incorporation and amended and restated bylaws include provisions that allow the Company's Board of Directors to issue, without further action by the stockholders, up to 1,000,000 shares of undesignated preferred stock.

Common Stock – The Company has one class of common stock outstanding with a total number of shares authorized of 45,000,000. As of March 31, 2020, the Company had 10,920,973 shares of common stock outstanding.

On March 22, 2020, the Company entered into an agreement with Malven Group Limited, a company established under the laws of the British Virgin Islands, in connection with the purchase of 1,939,237 shares of common stock of the Company at a price of $0.7735 per share for gross consideration of $1,500,000. The closing of the transaction took place on March 31, 2020.

10. Stock-Based Compensation

Equity Incentive Plans – The Company's 2013 Equity Compensation Plan (the "2013 Plan") was adopted for the purpose of providing equity incentives to employees, officers, directors and consultants including options, restricted stock, restricted stock units, stock appreciation rights, other equity awards, annual incentive awards and dividend equivalents. The Company amended the 2013 Plan to increase the number of authorized shares of common stock under the Plan from 225,000 shares to 615,000 shares, which the Company's stockholders approved on June 26, 2017. The Company further amended the 2013 Plan to increase the number of authorized shares of common stock under the Plan by 300,000 shares, which the Company's stockholders approved and ratified on November 8, 2018. The Company is now authorized to issue 915,000 shares under the amended 2013 Plan.

Stock Options

The fair value of options is estimated on the date of grant using the Black-Scholes option pricing model. The valuation determined by the Black-Scholes pricing model is affected by the Company's stock price as well as assumptions regarding a number of highly complex and subjective variables. These variables include, but are not limited to, expected stock price volatility over the term of the awards, and actual and projected employee stock option exercise behaviors. The risk free rate is based on the U.S. Treasury rate for the expected life at the time of grant, volatility is based on the average long-term implied volatilities of peer companies, the expected life is based on the estimated average of the life of options using the simplified method, and forfeitures are estimated on the date of grant based on certain historical data. The Company utilizes the simplified method to determine the expected life of its options due to insufficient exercise activity during recent years as a basis from which to estimate future exercise patterns. The expected dividend assumption is based on the Company's history and expectation of dividend payouts.

Forfeitures are required to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

The following table summarizes the Company's stock option activity for the three months ended March 31, 2020 and 2019:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in Years)	Aggregate Intrinsic Value
Outstanding - January 1, 2020	295,793	$ 8.88	7.5	$ -
Granted	-	-	-	
Exercised	-	-	-	
Forfeited	(256,667)	9.28	-	
Outstanding - March 31, 2020	39,126	$ 6.27	8.1	$ -
Exercisable at March 31, 2020	29,126	$ 7.65	7.8	$ -

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in Years)	Aggregate Intrinsic Value
Outstanding - January 1, 2019	499,439	$ 6.94	$ 9.0	$ -
Granted	30,000	2.23	-	
Exercised	-	-	-	
Forfeited	(120,313)	2.88	-	
Outstanding - March 31, 2019	409,126	$ 7.78	8.4	$ 80,520
Exercisable at March 31, 2019	330,959	$ 9.01	8.2	$ 32,710

During the three months ended March 31, 2020, vested stock options of 256,667 with a weighted average exercise price of $9.28 were forfeited Total unrecognized pre-tax stock-based compensation expense related to unvested stock options at March 31, 2020 was $16,321, which is expected to be recognized through the first quarter of 2021.

Warrants

As of March 31, 2020 and December 31, 2019, 125,000 warrants were outstanding and exercisable with an exercise price of $20.00 per share. The aggregate intrinsic value was $0 and the warrants are scheduled to expire on December 27, 2021.

Restricted Stock

As of March 31, 2020 and 2019, the following is a summary of restricted stock activity:

	Number of Shares
Outstanding - January 1, 2020	27,319
Granted	-
Forfeited	-
Vested	(27,319)
Outstanding - March 31, 2020	-

	Number of Shares
Outstanding - January 1, 2019	60,651
Granted	8,090
Forfeited	(22,730)
Vested	-
Outstanding - March 31, 2019	46,011

During the three months ended March 31, 2020, 27,319 in restricted stock vested. Additionally, the Company recorded non-cash pre-tax stock-based compensation expense of $0 and $3,000 for the three months ended March 31, 2020 and March 31, 2019, as a component of general and administrative expenses in the accompanying statements of operations, pertaining to restricted stock.

Total unrecognized pre-tax stock-based compensation expense related to unvested restricted stock at March 31, 2020 was $0.

11. Income Taxes

The Company's quarterly income tax provision is based upon an estimated annual income tax rate. The Company's quarterly provision for income taxes also includes the tax impact of discrete items, if any, including changes in judgment about valuation allowances and effects of changes in tax laws or rates, in the interim period in which they occur.

During the three months ended March 31, 2020 and 2019, the Company recorded a benefit for income tax of $5,900 and $66,000. The decrease in income tax benefit during the current period was primarily due to a reduction in discrete tax item associated with stock-based compensation expense in addition to a reduction in our valuation allowance

The valuation allowance at March 31, 2020 was approximately $7,701,000. The net change in the valuation allowance during the three months ended March 31, 2020 was a decrease of approximately $41,000. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based on consideration of these items, management has determined that enough uncertainty exists relative to the realization of the deferred income tax asset balances to warrant the application of a valuation allowance as of March 31, 2020.

12. Segment Information

Beginning on May 26, 2018, the Company operated in the following segments: (A) United States: (i) PDN Network and (ii) NAPW Network, (B) China Operations, and (C) Corporate Overhead. The segments are categorized based on their business activities and organization. On March 4, 2020, the Company's Board of Directors decided to suspend all China operations. As of December 31, 2019, the Company operated in the following segments: (i) NAPW Network, (ii) PDN Network and (iii) Corporate Overhead. Accordingly, all financial results for Noble Voice and China Operations have been reclassified from the Company's reportable segments to discontinued operations for all periods presented.

The following tables present key financial information of the Company's reportable segments as of March 31, 2020 and December 31, 2019 and for the three months ended March 31, 2020 and 2019:

	Three Months Ended March 31, 2020			
	PDN Network	NAPW Network	Corporate Overhead	Consolidated
Membership fees and related services	$ -	$ 383,831	$ -	$ 383,831
Recruitment services	566,687	-	-	566,687
Products sales and other	-	1,431	-	1,431
Consumer advertising and marketing solutions	30,348	-	-	30,348
Total revenues	597,035	385,262	-	982,297
Loss from continuing operations	(150,024)	(68,110)	(1,210,870)	(1,429,004)
Depreciation and amortization	14,675	37,326	-	52,001
Income tax benefit	(951)	(407)	(4,551)	(5,909)
Net loss from continuing operations	(148,409)	(67,703)	(1,206,319)	(1,422,431)
	As of March 31, 2020			
Goodwill	$ 339,451	$ -	$ -	$ 339,451
Intangibles assets, net	90,400	342,933	-	433,333
Assets from continuing operations	2,625,138	1,242,192	-	3,867,330

	Three Months Ended March 31, 2019			
	PDN Network	NAPW Network	Corporate Overhead	Consolidated
Membership fees and related services	$ -	$ 794,539	$ -	$ 794,539
Recruitment services	474,260	-	-	474,260
Products sales and other	-	2,812	-	2,812
Consumer advertising and marketing solutions	35,716	-	-	35,716
Total revenues	509,976	797,351	-	1,307,327
Loss from continuing operations	(171,416)	(107,731)	(587,975)	(867,122)
Depreciation and amortization	15,741	201,442	-	217,183
Income tax benefit	(8,129)	(13,135)	(44,369)	(65,633)
Net loss from continuing operations	(160,924)	(99,602)	(543,606)	(804,132)
	As of December 31, 2019			
Goodwill	$ 339,451	$ -	$ -	$ 339,451
Intangibles assets, net	90,400	361,985	-	452,385
Assets from continuing operations	2,151,734	1,254,693	-	3,406,427

13. Subsequent Events

The CARES Act was enacted on March 27, 2020. Among the provisions contained in the CARES Act was the creation of the Paycheck Protection Program ("PPP") that provides for under the Small Business Administration ("SBA") Section 7(a) loans for qualified small businesses. PPP loan proceeds are available to be used to pay for payroll costs, including salaries, commissions, and similar compensation, group health care benefits, and paid leaves, rent, utilities and interest on certain other outstanding debt. The amount that will be forgiven will be calculated in part with reference to the Company's full-time headcount during the eight-week period following the funding of the PPP loan. The Company applied for the PPP loan and on May 5, 2020, the Company received total proceeds of $651,077 from the SBA. In accordance with the loan forgiveness requirements under the CARES Act, the Company intends to use the proceeds from the PPP Loan primarily for payroll costs, rent and utilities, thus the Company anticipates that 100% of the loan will be forgiven.

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

Basis of Presentation

This MD&A should be read in conjunction with the accompanying condensed consolidated financial statements and the notes thereto, and the audited consolidated financial statements and notes thereto included in our 2019 Form 10-K.

Forward-looking statements in this MD&A are not guarantees of future performance and may involve risks and uncertainties that could cause actual results to differ materially from those projected. Refer to the "Forward-Looking Statements" section of this MD&A and Item 1A. Risk Factors of our 2019 Form 10-K for a discussion of these risks and uncertainties.

Overview

We are an operator of professional networks with a focus on diversity, employment, education and training. We use the term "diversity" (or "diverse") to describe communities, or "affinities," that are distinct based on a wide array of criteria, including ethnic, national, cultural, racial, religious or gender classification. We serve a variety of such communities, including Women, Hispanic-Americans, African-Americans, Asian-Americans, Disabled, Military Professionals, and Lesbian, Gay, Bisexual and Transgender (LGBT+).

We currently operate in two business segments: (i) Professional Diversity Network (**"PDN Network"**), which includes online professional networking communities with career resources tailored to the needs of various diverse cultural groups and employers looking to hire members of such groups, and (ii) National Association of Professional Women (**"NAPW Network"**), a women-only professional networking organization. On March 4, 2020 the Board decided to discontinue all of the Company's operations in the People's Republic of China, (**"China Operations"**), which focused on providing tools, products and services in China to assist women, students and business professionals in personal and professional development.

Our value proposition is simple: (i) we provide a robust online and in-person network for our women members to make professional and personal connections for our diverse audience of women: African Americans, Hispanics, Asians, Veterans, individuals with disabilities and members of the gay community (with the ability to roll out to our other affinities); (ii) we assist our registered users, or members, in their efforts to connect with like-minded individuals and identify career opportunities within the network; (iii) we help employers address their workforce diversity needs by connecting them with the right candidates; and (iv) we leverage our U.S. expertise and China connections to deliver these values to China, one of the world's fastest-growing markets for professional networking.

During the three months ended March 31, 2020 our PDN Network and NAPW Network businesses represented 61% and 39% of our revenues. As of March 31, 2020, we had approximately 10.8 million registered users in our PDN Network and approximately 948,000 registered users, or members, in the NAPW Network. Included in 948,000 NAPW Network registered users, there were 5,000 and 9,000 paid members as of March 31, 2020 and 2019. We believe that the combination of our solutions allows us to approach recruiting and professional networking in a unique way and thus create enhanced value for our members and customers.

On March 4, 2020, our Board of Directors (the "Board") decided to discontinue all operations in China. The resolution approved by the Board does not contemplate a sale of the business unit or a sale of any assets to a third-party for its China operations, but to effectively cease operations, which will commence during the second quarter of 2020. Accordingly, all historical financial results associated with the China operations have been reclassified to discontinued operations and current and prior period financial results have been reclassified. China operations were previously disclosed as a reportable operating segment as "China Operations".

Impact of COVID-19

The outbreak of the novel coronavirus (COVID-19) has resulted and will continue to result in disruptions to our business and operations. In March 2020, we began to experience reductions in new memberships and enrollment renewals due to COVID-19 as customers deferred our services due to financial and economic concerns. Additionally, revenues associated with our events business may be delayed or cancelled due to social distancing measures currently in place as well as travel restrictions. General business and customer financial uncertainty may negatively impact new and existing customers that could result in a reduction in expected revenues and an increase in certain costs.

We are focused on ensuring that our employees are safe and transitioned our workforce to work from home. The extent of the impact of the COVID-19 pandemic on our operational and financial performance will depend on future developments, including the duration, severity and spread of the pandemic, related restrictions on travel and transportation and other actions that may be taken by governmental authorities are uncertain and cannot be predicted.

We believe that our existing cash balances will provide us the necessary capital to navigate the COVID-19 pandemic.

Sources of Revenue

We generate revenue from (i) paid membership subscriptions and related services, (ii) recruitment services, (iii) product sales, (iv) education and training and (v) consumer advertising and consumer marketing solutions. The following table sets forth our revenues from each product as a percentage of total revenue for the periods presented. The period-to-period comparison of financial results is not necessarily indicative of future results.

Paid Membership Subscriptions and Related Services. Paid Membership Subscriptions and Related Services. We offer paid membership subscriptions through our NAPW Network, a women-only professional networking organization, operated by our wholly-owned subsidiary. Members gain access to networking opportunities through a members-only website at www.iawomen.com and "virtual" eChapter events which occur in a webcast setting as well as through in-person networking at approximately 100 local chapters nationwide, additional career and networking events such as the National Networking Summit Series, Power Networking Events and the PDN Network events. NAPW members also receive ancillary (non-networking) benefits such as educational discounts, shopping, and other membership perks. The basic package is the Initiator level, which provides online benefits only. Upgrades to an Innovator membership include the Initiator benefits as well as membership in local chapters, and access to live in-person events. The most comprehensive level, the Influencer, provides all the aforementioned benefits plus admission to exclusive "live" events and expanded opportunities for marketing and promotion, including the creation and distribution of a press release, which is prepared by professional writers and sent over major newswires. Additionally, all memberships offer educational programs with discounts or at no cost, based on the membership level. NAPW Membership is renewable and fees are payable on an annual or monthly basis, with the first fee payable at the commencement of the membership.

As part of the launch of IAW in the United States, the Company began to offer a monthly membership option in January 2018, in addition to an annual membership option. While this has increased the number of new members registering, membership revenue is received on a monthly rather than an annual basis. The new IAW is focused on delivering member benefits and providing value to those who join as paid members.

Recruitment Services. We provide recruitment services through PDN Network to medium and large employers seeking to diversify their employment ranks. Our recruitment services include recruitment advertising, job postings, semantic search technology and paid access to, and placement in, or advertising around our career and networking events. The majority of recruitment services revenue comes from job recruitment advertising. We also offer to businesses subject to the regulations and requirements of the Equal Employment Opportunity Office of Federal Contract Compliance Program ("**OFCCP**") our OFCCP compliance product, which combines diversity recruitment advertising with job postings and compliance services.

Product Sales. We offer to new purchasers of our NAPW memberships the opportunity to purchase a commemorative wall plaque at the time of purchase. They may purchase up to two plaques at that time.

Consumer Advertising and Consumer Marketing Solutions. We work with partner organizations to provide them with integrated job boards on their websites which offer their members or customers the ability to post recruitment advertising and job openings. We generate revenue from fees charged for those postings.

Cost of Revenue

Cost of revenue primarily consists of costs of producing job fair and other events, revenue sharing with partner organizations, costs of web hosting and operating our websites for the PDN Network. Costs of producing wall plaques, hosting member conferences and local chapter meetings are also included in the cost of revenue for NAPW Network.

Key Metrics

We believe that one of the key metrics in evaluating and measuring our performance is the number of registered users. We define the number of registered users as (i) the number of individual job seekers who affirmatively visited one of PDN Network's properties, opted into an affinity group and provided us with demographic or contact information enabling us to match them with employers and/or jobs (PDN Network registered users); and (ii) the number of consumers who have viewed our marketing material, opted into membership in the NAPW Network, provided demographic information and engaged in an onboarding call with a membership coordinator (NAPW Network registered users). We believe that a higher number of registered users will result in increased sales of our products and services, as customers will have access to a larger pool of professional talent. However, a higher number of registered users will not immediately translate to increased revenue, as there is a lag between the time we acquire a registered user through our lead-generation process and the time we generate revenue from a registered user by selling them one of our paid products or services.

The following table sets forth the number of registered users as of the periods presented:

	As of March 31,		**Change**
	2020	**2019**	**(Percent)**
	(in thousands)		
PDN Network Registered Users (1)	10,826	10,695	1.2%
NAPW Network Total Membership (2)	948	952	-0.4%

(1) The number of registered users may be higher than the number of actual users due to various factors. For more information, see*"Risk Factors page #17 —The reported number of our registered users is higher than the number of actual individual users, and a substantial majority of our visits are generated by a minority of our users*" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2019 (the "2019 Annual Report" as filed with the SEC on May 4, 2020).

(2) Includes both Paid Members and Unpaid Members. There were 5,000 and 9,000 Paid Members as of March 31, 2020 and 2019.

Non-GAAP Financial Measure

Adjusted EBITDA

We believe Adjusted EBITDA provides a meaningful representation of our operating performance that provides useful information to investors regarding our financial condition and results of operations. Adjusted EBITDA is commonly used by financial analysts and others to measure operating performance. Furthermore, management believes that this non-GAAP financial measure may provide investors with additional meaningful comparisons between current results and results of prior periods as they are expected to be reflective of our core ongoing business. However, while we consider Adjusted EBITDA to be an important measure of operating performance, Adjusted EBITDA and other non-GAAP financial measures have limitations, and investors should not consider them in isolation or as a substitute for analysis of our results as reported under GAAP. Further, Adjusted EBITDA, as we define it, may not be comparable to EBITDA, or similarly titled measures, as defined by other companies.

The following table provides a reconciliation of net loss from continuing operations to Adjusted EBITDA for the three months ended March 31, 2020 and 2019, the most directly comparable GAAP measure reported in our consolidated financial statements:

	Three Months Ended March 31,	
	2020	2019
	(in thousands)	
Loss from Continuing Operations	$ (1,422)	$ (804)
Stock-based compensation	19	8
Litigation settlement reserve	450	-
Depreciation and amortization	52	217
Interest expense	-	3
Interest and other income	1	-
Income tax benefit	(6)	(66)
Adjusted EBITDA	$ (906)	$ (642)

Results of Operations

Revenues

Total Revenues

The following tables set forth our revenue for the periods presented. The period-to-period comparison of financial results is not necessarily indicative of future results.

	Three Months Ended March 31,		Change	Change
	2020	2019	(Dollars)	(Percent)
	(in thousands)			
Revenues:				
Membership fees and related services	$ 384	$ 794	$ (410)	-51.6%
Recruitment services	567	474	93	19.6%
Products sales and other	1	3	(2)	-66.7%
Consumer advertising and marketing solutions	30	36	(6)	-16.7%
Total revenues	$ 982	$ 1,307	$ (325)	-24.9%

Total revenues decreased $325,000, or 24.9%, from $1,307,000 during the three months ended March 31, 2019, to $982,000 during the three months ended March 31, 2020. The decrease was primarily attributable to a $410,000 decline in new membership and related services revenues in the current period, partially offset by a $93,000 increase in recruitment revenues during the three months ended March 31, 2020.

Revenues by Segment

The following table sets forth each operating segment's revenues for the periods presented. The period-to-period comparison is not necessarily indicative of future results.

	Three Months Ended March 31,		Change	Change
	2020	2019	(Dollars)	(Percent)
	(in thousands)			
PDN Network	$ 597	$ 510	$ 87	17.1%
NAPW Network	385	797	(412)	-51.7%
Total revenues	$ 982	$ 1,307	$ (325)	-24.9%

During the three months ended March 31, 2020, our PDN Network generated $597,000 in revenues compared to $510,000 in revenues during the three months ended March 31, 2019, an increase of $87,000 or 17.1%. The increase in revenues was primarily of an increase in recruitment revenues generated in the current period.

During the three months ended March 31, 2020, our NAPW Network revenues were $385,000, compared to revenues of $797,000 during the three months ended March 31, 2019, a decrease of $412,000 or 51.7%. The decrease in revenues was primarily due to the effects of staffing reductions in our sales force during the first quarter of 2019, which resulted in a corresponding decline in customer lead generation and membership enrollment and renewals.

Costs and Expenses

The following tables set forth our costs and expenses for the periods presented. The period-to-period comparison of financial results is not necessarily indicative of future results.

	Three Months Ended March 31,		Change	Change
	2020	2019	(Dollars)	(Percent)
	(in thousands)			
Cost and expenses:				
Cost of revenues	$ 173	$ 184	$ (11)	-6.0%
Sales and marketing	525	696	(171)	-24.6%
General and administrative	1,661	1,078	583	54.1%
Depreciation and amortization	52	217	(165)	-76.0%
Total cost and expenses:	$ 2,411	$ 2,175	$ 236	10.9%

Total costs and expenses increased during the three months ended March 31, 2020 to $2,411,000 compared to $2,175,000 during the three months ended March 31, 2019. The increase was primarily the result of $450,000 litigation settlement reserve and $251,000 in higher legal and accounting fees, partially offset by lower intangible amortization expense of $165,000 in the current period. The litigation settlement reserve is reflected in our Corporate Overhead segment in general and administrative expenses.

Costs and Expenses by Segment

The following table sets forth each operating segment's costs and expenses for the periods presented. The period-to-period comparison is not necessarily indicative of future results.

	Three Months Ended March 31,		Change	Change
	2020	2019	(Dollars)	(Percent)
	(in thousands)			
PDN Network	$ 747	$ 681	$ 66	9.7%
NAPW Network	453	905	(452)	-49.9%
Corporate Overhead	1,211	589	622	105.6%
Total cost and expenses:	$ 2,411	$ 2,175	$ 236	10.9%

Costs and expenses decreased $452,000, or 49.9%, in our NAPW Network segment primarily as a result of lower intangible amortization expense of $165,000, $95,000 decrease in sales and marketing expenses as a result of staffing reductions, a $56,000 decrease in digital advertising and marketing initiatives and $50,000 in lower general and administrative personnel costs.

Costs and expenses increased $66,000, or 9.7%, in the PDN Network segment primarily due to an increase in bad debt expense of $28,000 and $11,000 in higher rent expenses.

Corporate overhead expenses increased $622,000 during the three months ended March 31, 2020 primarily as a result of a litigation settlement reserve of $450,000 recorded in the first quarter of 2020 in addition to $251,000 in higher legal and accounting fees.

Operating Expenses

Cost of revenues: Cost of revenues during the three months ended March 31, 2020 was $173,000, a decrease of $11,000, or 6.0%, from $184,000 during the three months ended March 31, 2019 as a result of lower revenues of $325,000, or 24.9%, which resulted in a corresponding decrease in cost of revenue.

Sales and marketing expense: Sales and marketing expense during the three months ended March 31, 2020 was $525,000, a decrease of $171,000, or 24.6%, from $696,000 during the three months ended March 31, 2019. The decrease is mainly attributable to a decrease of $95,000 in personnel cost, a $36,000 reduction in digital marketing spending and $20,000 in lower branding and marketing costs in the current period.

General and administrative expense: General and administrative expenses increased by $583,000, or 54.1%, to $1,661,000 during the three months ended March 31, 2020. The increase was a result of a litigation settlement reserve of $450,000 recorded in the first quarter of 2020, a $251,000 increase in legal and accounting fees, partially offset by a reduction of $133,000 in personnel costs.

Depreciation and amortization expense: Depreciation and amortization expense during the three months ended March 31, 2020 was $52,000, compared to $217,000 during the three months ended March 31, 2019, a decrease of $165,000, or 76.0%. The decrease was primarily attributable to $165,000 in lower intangible amortization expense due to a $2,796,000 impairment charge recorded in the fourth quarter of 2018 in our NAPW segment.

Income Tax Benefit

	Three Months Ended March 31,		Change	Change
	2020	2019	(Dollars)	(Percent)
	(in thousands)			
Income tax benefit	$ (6)	$ (66)	$ 60	-90.9%

During the three months ended March 31, 2020 and 2019, we recorded a benefit for income tax of $6,000 and $66,000, respectively. The decrease in income tax benefit during the current period was primarily due to a reduction in a discrete tax item associated with stock-based compensation expense in addition to a reduction in our valuation allowance

Discontinued Operations

In March 2020, our Board decided to suspend all China operations generated by the former CEO, Michael Wang. The results of operations for China operations are presented in the statements of operation and comprehensive loss as loss from discontinued operations. In May 2018, we sold Noble Voice to a long-time customer of the Company and exited the business segment previously conducted by Noble Voice. For the three months ended March 31, 2019, results from discontinued operations incudes costs and expenses associated with Noble Voice.

The following table presents results from discontinued operations for the three months ended March 31, 2020 and 2019:

	Three Months Ended March 31, 2020	2019
Revenues	$ -	$ 39
Cost of Sales	7	17
Depreciation and amortization	-	4
Sales and marketing	2	85
General and administrative	61	283
Non-operating income (expense)	-	(6)
Loss from discontinued operations before income tax	(70)	(356)
Income tax expense (benefit)	-	-
Net loss from discontinued operations	$ (70)	$ (356)

Net loss

The following table sets forth each operating segment's net income or loss for the periods presented. The period-to-period comparison is not necessarily indicative of future results.

	Three Months Ended March 31, 2020	2019	Change (Dollars)	Change (Percent)
	(in thousands)			
PDN Network	$ (148)	$ (161)	$ 13	-8.1%
NAPW Network	(68)	(100)	32	-32.0%
Corporate Overhead	(1,206)	(543)	(663)	122.1%
Consolidated net loss from continuing operations	$ (1,422)	$ (804)	$ (618)	76.9%

Consolidated Net Loss from Continuing Operations. As the result of the factors discussed above, during the three months ended March 31, 2020, we incurred a net loss of $1,422,000 from continuing operations, an increase of $618,000 or 76.9%, compared to a net loss of $804,000 during the three months ended March 31, 2019.

NAPW Network Net Loss. During the three months ended March 31, 2020, we incurred a net loss of $68,000, compared to a net loss $100,000 during the three months ended March 31, 2019. The decrease in net loss was primarily attributable to a $412,000 in lower revenues in the current period, which was partially offset by a $165,000 decrease in intangible amortization, $95,000 decrease in sales and marketing personnel costs, a $56,000 decrease in digital advertising and marketing expenses and a $50,000 decrease in general and administrative personnel costs.

PDN Network Net Loss. During the three months ended March 31, 2020, we incurred a net loss of $148,000 compared to the net loss of $161,000 incurred during the three months ended March 31, 2019. This decrease in net loss was primarily attributable to lower revenues in the current year, partially offset by lower personnel costs.

Corporate Overhead. During the three months ended March 31, 2020, we incurred a net loss of $1,206,000, an increase of $663,000, compared to a net loss of $543,000 incurred during the three months ended March 31, 2019. The increase in net loss was primarily a result of a litigation settlement reserve of $450,000 recorded in the first quarter of 2020, $251,000 increase in legal and accounting fees, which was partially offset by a reduction of $133,000 in personnel costs.

Liquidity and Capital Resources

The following table summarizes our liquidity and capital resources as of March 31, 2020 and December 31, 2019:

		March 31, 2020		December 31, 2019
		(in thousands)		
Cash and cash equivalents	$	1,555	$	634
Working capital (deficiency)	$	(1,741)	$	(2,114)

As of March 31, 2020, we had cash and cash equivalents of $1,555,000 compared to cash and cash equivalents of $634,000 at December 31, 2019. Our principal sources of liquidity are our cash and cash equivalents, including net proceeds from the issuances of common stock. As of March 31, 2020, we had a working capital deficiency of approximately $1,741,000, compared to a working capital deficiency of approximately $2,114,000 as of December 31, 2019. We had an accumulated deficit of approximately $90,163,000 at March 31, 2020. During the three months ended March 31, 2020, we generated a net loss from continuing operations of approximately $1,422,000 and used cash from continuing operations of approximately $574,000.

While we have aggressively reduced operating and overhead expenses, and while we continue to focus on our overall profitability, we have continued to generate negative cash flows from operations, and we expect to incur net losses for the foreseeable future, especially considering the negative impact COVID-19 will have on our liquidity and financial position. These conditions raise substantial doubt about our ability to continue as a going concern. Our ability to continue as a going concern is dependent on our ability to further implement our business plan, raise capital, and generate revenues. The consolidated financial statements do not include any adjustments that might be necessary if we unable to continue as a going concern.

We are closely monitoring operating costs and capital requirements. Our Management also made efforts in 2019 and 2018 to contain and reduce cost, including terminating non-performing employees and eliminating certain positions, replacing and negotiating with certain vendors, implementing a new approval process overseeing travel and other expenses, and significantly reducing the cash compensation for independent board directors. If we are still not successful in sufficiently reducing our costs, we may then need to dispose of our other assets or discontinue business lines.

On March 22, 2020, we entered into an agreement with Malven Group Limited, a company established under the laws of the British Virgin Islands (“Malven”), in connection with the purchase by Malven of 1,939,237 shares of our common stock at a price of $0.7735 per share for gross proceeds of $1,500,000. The closing of the transaction took place on March 31, 2020.

Due to COVID-19 and the financial impact and business interruption that this pandemic will have, we applied for the Paycheck Protection Program (“PPP”) under the Small Business Administration (“SBA”) Section 7(a) loans for qualified small businesses. On May 5, 2020, we received total proceeds of $651,077 from the SBA. In accordance with the loan forgiveness requirements under the SBA CARES Act, we intend to use the proceeds from the PPP loan primarily for payroll costs, rent and utilities and we anticipate that the PPP loan will be forgiven by the SBA upon meeting the loan requirements under the PPP.

We currently anticipate that our available funds and cash flow from operations may not be sufficient to meet our working capital requirements for the twelve months subsequent to the issuance of our financial statements. In order to fund our operations, we will need to increase revenues or raise capital by the issuance of stock. However, there can be no assurances that our business plans and actions will be successful, that we will generate anticipated revenues, or that unforeseen circumstances will not require additional funding sources in the future or effectuate plans to conserve liquidity. Future efforts to raise additional funds may not be successful or they may not be available on acceptable terms, if at all. In addition, due to China’s foreign currency control, the Company cannot move money between China and the USA freely. The People’s Bank of China (PBOC) and State Administration of Foreign Exchange (SAFE) regulate the flow of foreign exchange in and out of the country strictly. We need to get approval from Chinese government to move money from China to the U.S. which might take extra time.

We collect membership fees generally at the commencement of the membership term or at renewal periods thereafter. The memberships we sell are for one year and we defer recognition of the revenue from membership sales and renewals and recognize it ratably over the twelve-month period. Starting January 2, 2018, we also offer a monthly membership for IAW USA for which we collect a fee on a monthly basis. Our PDN Network also sells recruitment services to employers, generally on a one-year contract basis. This revenue is also deferred and recognized over the life of the contract. Our payment terms for PDN Network customers range from 30 to 60 days. We consider the difference between the payment terms and payment receipts a result of transit time for invoice and payment processing and to date have not experienced any liquidity issues as a result of the payments extending past the specified terms. Cash and cash equivalents and short-term investments consist primarily of cash on deposit with banks and investments in money market funds, corporate and municipal debt and U.S. government and U.S. government agency securities.

	Three Months Ended March 31,	
	2020	2019
Cash provided by (used in) continued operations	(in thousands)	
Operating activities	$ (574)	$ (828)
Investing activities	(5)	-
Financing activities	1,500	373
Effect of exchange rate fluctuations on cash and cash equivalents	(15)	21
Cash provided by (used in) discontinued operations		
Operating activities	16	365
Investing activities	-	(4)
Net increase (decrease) in cash and cash equivalents	$ 922	$ (73)

Cash and Cash Equivalents

The Company considers cash and cash equivalents to include all short-term, highly liquid investments that are readily convertible to known amounts of cash and have original maturities of three months or less.

Net Cash Used in Operating Activities

Net cash used in operating activities from continuing operations during the three months ended March 31, 2002 was $574,000. We had a net loss of $1,422,000 during the three months ended March 31, 2020, which included a non-cash litigation settlement reserve of $450,000, depreciation of amortization expense of $52,000 and amortization of right-of-use assets of $39,000, which was partially offset by payments of lease obligations of $46,000. Changes in operating assets and liabilities used $339,000 of cash during the three months ended March 31, 2020, consisting primarily of increases in accounts receivable, accounts payable, deferred revenue and accrued expenses, partially offset by decreases in deferred revenue and accrued expenses.

Net cash used in operating activities from continuing operations for the three months ended March 31, 2019 was $828,000. We had a net loss of $804,000 during the three months ended March 31, 2019, which included depreciation and amortization expense of $217,000 and amortization of right-of-use assets of $38,000, which was partially by a deferred tax benefit of $69,000 and payments of lease obligations of $44,000. Changes in operating assets and liabilities used $179,000 of cash during the three months ended March 31, 2019, consisting primarily of decreases in deferred revenue, accounts payable, prepaid expenses and accrued expenses, partially offset by increases in accounts receivable.

Net Cash Used in Investing Activities

Net cash used in investing activities from continuing operations during the three months ended March 31, 2020 was $4,500, which consisted of investments in developed technology and computer equipment purchases.

Net Cash Provided by Financing Activities

Net cash provided by financing activities from continuing operations during the three months ended March 31, 2020 was $1,500,000 and which reflected proceeds from the sale of common stock. On March 22, 2020, we entered into an agreement with Malven Group Limited, a company established under the laws of the British Virgin Islands, in connection with the purchase of 1,939,237 shares of our common stock at a price of $0.7735 per share for gross proceeds of $1,500,000. The closing of the transaction took place on March 30, 2020.

Net cash provided by financing activities from continuing operations during the three months ended March 31, 2019 was $373,000, consisting of $373,000 in gross proceeds from the sale of 203,963 shares of our common stock at a purchase price ranging from $1.42 to $3.85 per share, representing 120% of the closing price the trading day immediately prior to the date of subscription to citizens of the People's Republic of China.

Off-Balance Sheet Arrangements

Since inception, we have not engaged in any off-balance sheet activities as defined in Regulation S-K Item 303(a)(4).

Critical Accounting Policies and Estimates

Our management's discussion and analysis of financial condition and results of operations is based on our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States, or U.S. GAAP. The preparation of these consolidated financial statements requires us to exercise considerable judgment with respect to establishing sound accounting policies and in making estimates and assumptions that affect the reported amounts of our assets and liabilities, our recognition of revenues and expenses, and disclosure of commitments and contingencies at the date of the consolidated financial statements.

We base our estimates on our historical experience, knowledge of our business and industry, current and expected economic conditions, the attributes of our products, the regulatory environment, and in certain cases, the results of outside appraisals. We periodically re-evaluate our estimates and assumptions with respect to these judgments and modify our approach when circumstances indicate that modifications are necessary. These estimates and assumptions form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources.

While we believe that the factors we evaluate provide us with a meaningful basis for establishing and applying sound accounting policies, we cannot guarantee that the results will always be accurate. Since the determination of these estimates requires the exercise of judgment, actual results could differ from such estimates.

While our significant accounting policies are more fully described in Note 3 to our consolidated financial statements included at the end of this Annual Report, we believe that the following accounting policies are the most critical to aid you in fully understanding and evaluating our reported financial results and affect the more significant judgments and estimates that we use in the preparation of our consolidated financial statements.

Accounts Receivable

Our policy is to reserve for uncollectible accounts based on our best estimate of the amount of probable credit losses in our existing accounts receivable. We periodically review our accounts receivable to determine whether an allowance for doubtful accounts is necessary based on an analysis of past due accounts and other factors that may indicate that the realization of an account may be in doubt. Account balances deemed to be uncollectible are charged to the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

Goodwill and Intangible Assets

The Company accounts for goodwill and intangible assets in accordance with ASC 350, Intangibles – Goodwill and Other ("ASC 350"). ASC 350 requires that goodwill and other intangibles with indefinite lives should be tested for impairment annually or on an interim basis if events or circumstances indicate that the fair value of an asset has decreased below its carrying value.

Goodwill is tested for impairment at the reporting unit level on an annual basis (December 31 for the Company) and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. The Company considers its market capitalization and the carrying value of its assets and liabilities, including goodwill, when performing its goodwill impairment test.

When conducting its annual goodwill impairment assessment, the Company initially performs a qualitative evaluation of whether it is more likely than not that goodwill is impaired. If it is determined by a qualitative evaluation that it is more likely than not that goodwill is impaired, the Company then compares the fair value of the Company's reporting unit to its carrying or book value. If the fair value of the reporting unit exceeds its carrying value, goodwill is not impaired and the Company is not required to perform further testing. If the carrying value of a reporting unit exceeds its fair value, the Company will measure any goodwill impairment losses as the amount by which the carrying amount of a reporting unit exceeds its fair value, not to exceed the total amount of goodwill allocated to that reporting unit.

Capitalized Technology Costs

We account for capitalized technology costs in accordance with ASC 350-40, Internal-Use Software ("ASC 350-40"). In accordance with ASC 350-40, we capitalize certain external and internal computer software costs incurred during the application development stage. The application development stage generally includes software design and configuration, coding, testing and installation activities. Training and maintenance costs are expensed as incurred, while upgrades and enhancements are capitalized if it is probable that such expenditures will result in additional functionality. Capitalized software costs are amortized over the estimated useful lives of the software assets on a straight-line basis, generally not exceeding three years.

Business Combinations

ASC 805, Business Combinations ("ASC 805"), applies the acquisition method of accounting for business combinations to all acquisitions where the acquirer gains a controlling interest, regardless of whether consideration was exchanged. ASC 805 establishes principles and requirements for how the acquirer *:* a) recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any non-controlling interest in the acquiree; b) recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase; and c) determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. Accounting for acquisitions requires the Company to recognize, separately from goodwill, the assets acquired and the liabilities assumed at their acquisition-date fair values. Goodwill as of the acquisition date is measured as the excess of consideration transferred and the net of the acquisition-date fair values of the assets acquired and the liabilities assumed. While the Company uses its best estimates and assumptions to accurately value assets acquired and liabilities assumed at the acquisition date, the estimates are inherently uncertain and subject to refinement. As a result, during the measurement period, which may be up to one year from the acquisition date, the Company may record adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill. Upon the conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded to the consolidated statements of comprehensive loss.

Revenue Recognition

Our principal sources of revenue are recruitment revenue, consumer marketing and consumer advertising revenue, membership subscription fees, and product sales. Recruitment revenue includes revenue recognized from direct sales to customers for recruitment services and events, as well as revenue from our direct ecommerce sales. Revenues from recruitment services are recognized when the services are performed, evidence of an arrangement exists, the fee is fixed or determinable and collectability is probable. Our recruitment revenue is derived from agreements through single and multiple job postings, recruitment media, talent recruitment communities, basic and premier corporate memberships, hiring campaign marketing and advertising, e-newsletter marketing and research and outreach services.

Consumer marketing and consumer advertising revenue is recognized either based upon a fixed fee for revenue sharing agreements in which payment is required at the time of posting, or billed based upon the number of impressions (the number of times an advertisement is displayed) recorded on the websites as specified in the customer agreement.

Revenue generated from NAPW Network membership subscriptions is recognized ratably over the 12-month membership period, although members pay their annual fees at the commencement of the membership period. Starting January 2, 2018, we also offer a monthly membership for which we collect fees on a monthly basis and we recognize revenue in the same month as the fees are collected. Revenue from related membership services are derived from fees for development and set-up of a member's personal on-line profile and/or press release announcements. Fees related to these services are recognized as revenue at the time the on-line profile is complete and press release is distributed.

Recent Accounting Pronouncements

See Note 3 to our financial statements.

ITEM 3 – QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 4 – CONTROLS AND PROCEDURES

Evaluation of disclosure controls and procedures

As of March 31, 2020, our management conducted an evaluation, under the supervision and with the participation of our Interim Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures; as is defined in Rule 13a-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). We recognize that there are material weaknesses related to our internal controls. Therefore, our Interim Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were not effective, as of the end of the period covered by this Quarterly Report. This includes ensuring that information required to be disclosed was recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Furthermore, to provide reasonable assurance that information required to be disclosed is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in internal control over financial reporting

During the first quarter of 2020, we continued to undertake certain initiatives to improve and remediate material weaknesses related to our internal control over financial reporting that were identified for the year ended December 31, 2019. Specifically, we continued to implement more effective financial reporting process and internal control procedures that included monthly and quarterly closing check-lists and monthly review of the financial reports by the Company's Finance Department. We also continued improving GAAP training of internal staff and to utilize third-party consultants to assist in the review and preparation of complex accounting transaction and financial statement reports. There have been no other changes in our internal control over financial reporting during the first quarter of 2020 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Our management has concluded that, as of March 31, 2020, we did not maintain effective controls over the preparation, review, presentation and disclosure of our financial statements. Specifically, we noted the following:

- Relevant operating information is not adequately used to develop accounting and financial information and serve as a basis for reliable financial reporting. This same operating information is also used as the basis for accounting estimates. Specifically, financial and nonfinancial indicators of going concern and impairment of assets were not completely assessed by management.

- Employees lack full technical competence and training necessary for the nature and complexity of the entity's activities. Specifically, Company personnel could not perform purchase accounting or fair value measurements with Company's acquisitions.

- Supporting analysis is not prepared for each non-routine event or transaction that requires management's judgement and/or estimate. Specifically, no analysis is prepared to document compliance with relevant GAAP and entity's accounting policies.

- Accounting procedures relevant to foreign subsidiaries are not sufficiently formal that management can determine whether the control objective is met, documentation supporting the procedures is in place, and personnel routinely know the procedures that need to be performed. Specifically, data from foreign subsidiaries underlying financial statements is not captured completely, accurately, and timely, in accordance with the entity's policy and procedures.

Limitations on effectiveness of controls and procedures

We anticipate that the actions described above and resulting improvements in controls will strengthen the Company's internal control over financial reporting and will, over time, address the related material weaknesses. However, because many of the controls in the Company's system of internal controls rely extensively on manual review and approval, the successful operation of these controls may be required for several quarters prior to management being able to conclude that the material weaknesses have been remediated.

PART II

ITEM 1 – LEGAL PROCEEDINGS

In a letter dated October 12, 2017, White Winston Select Asset Funds ("White Winston") threatened to assert claims against the Company in excess of $2 million based on White Winston's contention that the Company's conduct delayed White Winston's ability to sell shares in the Company during a period when the Company's stock price was generally falling. On April 30, 2018, White Winston filed a lawsuit, entitled White Winston Select Asset Funds, LLC v. Professional Diversity Network, Inc., No. 18-cv-10844, (the "Federal Action") in the United States District Court for the District of Massachusetts, asserting federal jurisdiction based on diversity of citizenship. The four-count complaint in the Federal Action alleged that White Winston is entitled to recover compensatory damages of $1,708,233, plus attorneys' fees, treble damages and other amounts. White Winston served the complaint on July 12, 2018, and the Company moved to dismiss the entire action for failure to state a claim. On October 15, 2018, prior to addressing the motion to dismiss, the Court issued an order noting that White Winston (which is a limited liability company) had failed to allege the citizenship of its members and ordered White Winston to show cause that complete diversity exists between the parties and that the Court had jurisdiction. On October 23, 2018, White Winston dismissed the Federal Action without prejudice. On December 18, 2018, White Winston filed a complaint in Massachusetts Superior Court in Suffolk County in Boston alleging the same claims and rights to relief as in the Federal Action. The Company has moved to once again to dismiss the complaint in its entirety for failure to state a claim. The entire motion package, comprised of the Company's motion to dismiss and accompanying memorandum, White Winston's opposition, and the Company's reply brief, were filed with the court on Monday, March 25, 2019. This motion was not granted. We have since then substantially completed all of the discovery process and will begin expert witness disclosures. The Company denies liability for all claims.

NAPW is a defendant in a Nassau County (NY) Supreme Court case, whereby TL Franklin Avenue Plaza LLC has sued NAPW Case index No. LT-000421/2018, with respect to NAPW's former Garden City NY Premises. NAPW had surrendered the Premises to the Landlord, and the Landlord is suing NAPW for the balance of the rent due under the Lease Term. The case is currently being litigated, and we are currently in the fact damages phase of the litigation.

The Company is a party to a proceeding captioned Gerbie, et al. v. Professional Diversity Network, Inc. (U.S. Dist. Ct., N.D. Ill.), a putative class action alleging violations of the Telephone Consumer Protection Act. A settlement has been reached and case has been dismissed by the court. The Company believes that its practices and procedures were compliant with the Telephone Consumer Protection Act and admitted no fault.

The Company and its wholly-owned subsidiary, NAPW, Inc., are parties to a proceeding captioned Deborah Bayne, et al. vs. NAPW, Inc. and Professional Diversity Network, Inc., No. 18-cv-3591 (E.D.N.Y.), filed on June 20, 2018 and alleging violations of the Fair Labor Standards Act and certain provisions of the New York Labor Law. The Company disputes that it or its subsidiary violated the applicable laws or that either entity has any liability and intends to vigorously defend against these claims. The matter is in the final stages of discovery and we have completed depositions of relevant witnesses. The potential financial impact on the Company is still uncertain at this point. During the first quarter of 2020, the Company recorded a $450,000 litigation settlement reserve in the event of an unfavorable outcome in this proceeding.

We are also generally subject to legal proceedings and litigation arising in the ordinary course of business.

General Legal Matters

From time to time, the Company is involved in legal matters arising in the ordinary course of business. While the Company believes that such matters are currently not material, there can be no assurance that matters arising in the ordinary course of business for which the Company is, or could be, involved in litigation, will not have a material adverse effect on its business, financial condition or results of operations.

ITEM 1A – RISK FACTORS

Smaller reporting companies are not required to provide the information required by this item.

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

On March 31, 2020 the Company closed a private placement with Malven Group Limited, a company established under the laws of the British Virgin Islands, in connection with the purchase of 1,939,237 shares of our common stock at a price of $0.7735 per share for gross proceeds of $1,500,000. The Company's Form 8-K filed on March 27, 2020 is incorporated herein by reference.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURE

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

31.1	Certification of Chief Executive Officer pursuant to Exchange Act Rule 13a-14(a) or Rule 15d- 14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Exchange Act Rule 13a-14(a) or Rule 15d- 14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer and 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 Labels Linkbase Document
101.	PRE XBRL Taxonomy Extension Presentation Linkbase Document

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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, on May 20, 2020.

	PROFESSIONAL DIVERSITY NETWORK, INC.	
Date: May 20, 2020	By:	*/s/ Xin (Adam) He*
	Name:	Xin (Adam) He
	Title:	Interim Chief Executive Officer and Chief Financial Officer (On behalf of the Registrant and as principal financial officer and principal accounting officer)

EXHIBIT INDEX

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101.	PRE XBRL Taxonomy Extension Presentation Linkbase Document

Exhibit 31.1

CERTIFICATIONS

I, Xin (Adam) He, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Professional Diversity Network, 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 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 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: May 20, 2020

/s/ Xin (Adam) He

Xin (Adam) He
Interim Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATIONS

I, Xin (Adam) He, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Professional Diversity Network, 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 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 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: May 20, 2020

/s/ Xin (Adam) He

Xin (Adam) He
Chief Executive Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO 18
U.S.C. SECTION 1350

In connection with the Quarterly Report of Professional Diversity Network, Inc. (the “registrant”) on Form 10-Q for the fiscal quarter ended March 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the “report”), I, Xin (Adam) He, Interim Chief Executive Officer and Chief Financial Officer, of the registrant, certify, pursuant to 18 U.S.C. § 1350, that to our knowledge:

(1) The report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the registrant.

Date: May 20, 2020

/s/ Xin (Adam) He
Xin (Adam) He
Interim Chief Executive Officer and Chief Financial Officer