

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2014

or

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

For the transition period from _____ to _____

Commission File Number: 000-25991

MANHATTAN BRIDGE CAPITAL, INC.

(Exact name of registrant as specified in its charter)

New York

(State or other jurisdiction of incorporation or organization)

11-3474831

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

60 Cutter Mill Road, Great Neck, NY 11021

(Address of principal executive offices)

(516) 444-3400

(Registrant's telephone number, including area code)

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

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

Yes No

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

Yes No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

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

As of May 1, 2014, the Issuer had a total of 4,270,190 shares of Common Stock, \$.001 par value, outstanding.

MANHATTAN BRIDGE CAPITAL, INC.
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Forward Looking Statements

This report contains forward-looking statements within the meaning of section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Forward-looking statements are typically identified by the words “believe,” “expect,” “intend,” “estimate” and similar expressions. Those statements appear in a number of places in this report and include statements regarding our intent, belief or current expectations or those of our directors or officers with respect to, among other things, trends affecting our financial condition and results of operations and our business and growth strategies. These forward-looking statements are not guarantees of future performance and involve risks and uncertainties. Actual results may differ materially from those projected, expressed or implied in the forward-looking statements as a result of various factors (such factors are referred to herein as “Cautionary Statements”), including but not limited to the following: (i) the successful integration of new businesses that we may acquire; (ii) the success of new operations which we have commenced and of our new business strategy; (iii) our limited operating history in our new business; (iv) potential fluctuations in our quarterly operating results; and (v) challenges facing us relating to our growth. The accompanying information contained in this report, including the information set forth under “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, identifies important factors that could cause such differences. These forward-looking statements speak only as of the date of this report, and we caution potential investors not to place undue reliance on such statements. We undertake no obligation to update or revise any forward-looking statements. All subsequent written or oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the Cautionary Statements.

PART I. FINANCIAL INFORMATION

Item 1. CONSOLIDATED FINANCIAL STATEMENTS

**MANHATTAN BRIDGE CAPITAL, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS**

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
	(unaudited)	(audited)
Assets		
Current assets:		
Cash and cash equivalents	\$ 931	\$ 1,021,023
Short term loans receivable	12,517,000	10,697,950
Interest receivable on loans	188,348	171,483
Other current assets	34,292	18,540
Total current assets	12,740,571	11,908,996
Investment in real estate	146,821	146,821
Long term loans receivable	3,058,950	3,997,000
Other assets	17,500	—
Security deposit	6,637	6,637
Investment in privately held company	65,000	65,000
Total assets	\$ 16,035,479	\$ 16,124,454
Liabilities and Stockholders' Equity		
Current liabilities:		
Short term loans	\$ 1,319,465	\$ 1,319,465
Line of credit	5,300,000	5,350,000
Accounts payable and accrued expenses	17,468	57,066
Deferred origination fees	123,512	132,017
Income taxes payable	213,224	373,219
Total liabilities, all current	6,973,669	7,231,767
Commitments		
Stockholders' equity:		
Preferred shares - \$.01 par value; 5,000,000 shares authorized; no shares issued	—	—
Common shares - \$.001 par value; 25,000,000 authorized; 4,433,190 issued; 4,256,190 outstanding	4,433	4,433
Additional paid-in capital	9,748,664	9,745,249
Treasury stock, at cost – 177,000 shares	(369,335)	(369,335)
Accumulated deficit	(321,952)	(487,660)
Total stockholders' equity	9,061,810	8,892,687
Total liabilities and stockholders' equity	\$ 16,035,479	\$ 16,124,454

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

MANHATTAN BRIDGE CAPITAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Three Months Ended March 31,	
	<u>2014</u>	<u>2013</u>
Interest income from loans	\$ 507,371	\$ 444,779
Origination fees	101,539	89,582
Total revenue	<u>608,910</u>	<u>534,361</u>
Operating costs and expenses:		
Interest and amortization of debt service costs	116,423	102,646
Referral fees	109	596
General and administrative expenses	175,996	172,867
Total operating costs and expenses	<u>292,528</u>	<u>276,109</u>
Income from operations	<u>316,382</u>	<u>258,252</u>
Other income (Note 4)	<u>6,887</u>	<u>6,887</u>
Income before income tax expense	323,269	265,139
Income tax expense	(115,000)	(92,000)
Net income	<u>\$ 208,269</u>	<u>\$ 173,139</u>
Basic and diluted net income per common share outstanding:		
—Basic	<u>\$ 0.05</u>	<u>\$ 0.04</u>
—Diluted	<u>\$ 0.05</u>	<u>\$ 0.04</u>
Weighted average number of common shares outstanding:		
—Basic	4,256,190	4,283,218
—Diluted	4,286,673	4,295,658

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

MANHATTAN BRIDGE CAPITAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	Three Months ended March 31,	
	2014	2013
Cash flows from operating activities:		
Net income	\$ 208,269	\$ 173,139
Adjustments to reconcile net income to net cash used in operating activities -		
Amortization of deferred financing costs	—	13,104
Non cash compensation expense	3,416	3,416
Changes in operating assets and liabilities:		
Interest receivable on loans	(16,865)	12,689
Other current and non current assets	(15,752)	(22,658)
Accounts payable and accrued expenses	(39,599)	(12,773)
Deferred origination fees	(8,504)	(6,209)
Income taxes payable	(159,995)	(182,120)
Net cash used in operating activities	(29,030)	(21,412)
Cash flows from investing activities:		
Issuance of short term loans	(4,774,000)	(2,853,500)
Collections received from loans	3,893,000	3,943,866
Net cash (used in) provided by investing activities	(881,000)	1,090,366
Cash flows from financing activities:		
Repayments of loans and line of credit, net	(50,000)	(1,040,000)
Purchase of treasury shares	—	(37,824)
Capital raising costs	(17,500)	—
Dividend paid	(42,562)	—
Proceeds from exercise of stock options	—	4,690
Net cash used in financing activities	(110,062)	(1,073,134)
Net decrease in cash and cash equivalents	(1,020,092)	(4,180)
Cash and cash equivalents, beginning of period	1,021,023	240,693
Cash and cash equivalents, end of period	\$ 931	\$ 236,513
Supplemental Cash Flow Information:		
Taxes paid during the period	\$ 274,995	\$ 274,120
Interest paid during the period	\$ 116,423	\$ 89,541

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

MANHATTAN BRIDGE CAPITAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2014

1. THE COMPANY

The accompanying unaudited consolidated financial statements of Manhattan Bridge Capital, Inc. (“MBC”), a New York corporation, and its wholly-owned subsidiaries DAG Funding Solutions, Inc. (“DAG Funding”), MBC Funding I, Inc. (“MBC Funding”) and 1490-1496 Hicks, LLC (“Hicks LLC”) (collectively referred to herein as the “Company”) have been prepared by the Company in accordance with U.S. generally accepted accounting principles (“GAAP”) for interim financial information and with instructions to Form 10-Q. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. However, in the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. The accompanying unaudited consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2013 and the notes thereto included in the Company’s Form 10-K. Results of consolidated operations for the interim period are not necessarily indicative of the operating results to be attained in the entire fiscal year.

The preparation of 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 financial statements and the reported amount of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

The consolidated financial statements include the accounts of MBC, DAG Funding, MBC Funding, and Hicks LLC. All significant intercompany balances and transactions have been eliminated in consolidation.

The Company offers short-term, secured, non-banking loans to real estate investors (also known as hard money) to fund their acquisition and construction of properties located in the New York Metropolitan area.

The Company recognizes revenues in accordance with ASC 605, which provides guidance on the recognition, presentation and disclosure of revenue in financial statements. ASC 605 outlines the basic criteria that must be met to recognize revenue and provides guidance for disclosure related to revenue recognition policies. In general, the Company recognizes revenue when (i) persuasive evidence of an arrangement exists, (ii) delivery of the product has occurred or services have been rendered, (iii) the sales price charged is fixed or determinable, and (iv) collectability is reasonably assured.

Interest income from commercial loans is recognized, as earned, over the loan period.

Origination fee revenue on commercial loans is amortized over the term of the respective note.

2. RECENT TECHNICAL ACCOUNTING PRONOUNCEMENTS

In July 2012, the FASB issued ASU 2012-02, “*Intangibles—Goodwill and Other (Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment.*” The revised standard is intended to reduce the cost and complexity of testing indefinite-lived intangible assets other than goodwill for impairment. It allows companies to perform a “qualitative” assessment to determine whether further impairment testing of indefinite-lived intangible assets is necessary, similar in approach to the goodwill impairment test. ASU 2012-02 is effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012. Early adoption was permitted. The adoption of this guidance did not have a material impact on the Company’s consolidated financials statements.

In February 2013, the FASB issued ASU 2013-02, “*Comprehensive Income (Topic 220): Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income.*” The ASU is intended to improve the transparency of reporting reclassifications out of accumulated other comprehensive income. This guidance adds new disclosure requirements for items reclassified out of accumulated other comprehensive income (AOCI). It does not amend any existing requirements for reporting net income or OCI in the financial statements. The standard is effective prospectively for public entities for annual and interim reporting periods beginning after December 15, 2012. Private companies may adopt the standard one year later but early adoption was permitted. The adoption of this guidance did not have a material impact on the Company’s consolidated financials statements.

In February 2013, the FASB issued ASU 2013-04, “*Liabilities (Topic 405): Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation Is Fixed at the Reporting Date.*” The main objective of this update is to provide guidance for the recognition, measurement, and disclosure of obligations resulting from joint and several liability arrangements for which the total amount of the obligation within the scope of this guidance is fixed at the reporting date, except for obligations addressed within existing guidance in GAAP. The standard is effective for fiscal years, and interim periods within those years, beginning after December 15, 2013. The adoption of this guidance did not have a material impact on the Company’s consolidated financial statements.

In July 2013, the FASB issued ASU 2013-11, “*Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists.*” The objective of this guidance is to clarify the balance sheet presentation of an unrecognized tax benefit and to resolve the diversity in practice that had developed in the absence of any on-point GAAP. This ASU applies to all entities with unrecognized tax benefits that also have tax loss or tax credit carryforwards in the same tax jurisdiction as of the reporting date. For public entities, ASU 2013-11 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2013. For nonpublic entities, the amendments are effective for fiscal years, and interim periods within those years, beginning after December 15, 2014. Early adoption is permitted. The adoption of this guidance did not have a material impact on the Company’s consolidated financial statements.

In January 2014, the FASB issued ASU 2014-04 , “*Receivables—Troubled Debt Restructurings by Creditors (Subtopic 310-40): Reclassification of Residential Real Estate Collateralized Consumer Mortgage Loans upon Foreclosure (A Consensus of the FASB Emerging Issues Task Force).*” The purpose of the update is to define an in substance repossession or foreclosure for purposes of determining whether or not an entity should derecognize a residential real estate collateralized consumer mortgage loan if the entity has foreclosed on the real estate. The ASU is effective for public entities for fiscal years beginning after December 15, 2014, and interim periods therein. For nonpublic entities, the ASU is effective for annual periods beginning after December 15, 2014, and interim and annual periods thereafter. The adoption of this guidance is not expected to have a material impact on the Company’s consolidated financial statements.

Management does not believe that any other recently issued, but not yet effected, accounting standards if currently adopted would have a material effect on the Company’s consolidated financial statements.

3. COMMERCIAL LOANS

Short Term Loans Receivable

The Company offers short-term secured non-banking loans to real estate investors (also known as hard money) to fund their acquisition and construction of properties located in the New York Metropolitan area. The loans are principally secured by collateral consisting of real estate and, generally, accompanied by personal guarantees from the principals of the businesses. The loans are generally for a term of one year. The short term loans are initially recorded, and carried thereafter, in the financial statements at cost. Most of the loans provide for receipt of interest only during the term of the loan and a balloon payment at the end of the term.

At March 31, 2014, we were committed to an additional \$1,035,500 in construction loans that can be drawn by the borrower when certain conditions are met.

At March 31, 2014, the Company has made loans to eight different entities in the aggregate amount of \$1,719,000, of which \$779,000 is included in long-term loans receivable. One individual holds at least a sixty percent interest in each of the entities. The Company also has made loans to six different entities in the aggregate amount of \$1,624,950, of which \$799,950 is included in long-term loans receivable. One individual holds at least a twenty-five percent interest in each of the entities. The aggregate loans to all these entities totaled \$3,343,950 or 21.5% of our loan portfolio. All individuals have no relationship to any of the officers or directors of the Company.

At March 31, 2014, no one entity has loans outstanding representing more than 10% of the total balance of the loans outstanding.

At March 31, 2014, two of the loans in the Company's portfolio were jointly funded by the Company and unrelated entities, for aggregate loans of \$1,625,000. The accompanying balance sheet includes the Company's portion of the loans in the amount of \$1,125,000.

The Company generally grants loans for a term of one year. In some cases, the Company has agreed to extend the term of the loans beyond one year. This was mainly due to the additional lending conditions generally imposed by traditional lenders and financial institutions as a result of the mortgage crisis, which has made it more difficult overall for borrowers, including the Company's borrowers, to secure long term financing. Prior to the Company granting an extension of any loan, it reevaluates the underlying collateral.

Long Term Loans Receivable

Long term loans receivable comprise the loans that were extended beyond the original maturity dates, unless it is clear that the loan will be paid back by March 31, 2015. At March 31, 2014, the Company's loan portfolio consists of \$12,517,000 short term loans receivable and \$3,058,950 long term loans receivable.

Credit Risk

Credit risk profile based on loan activity as of March 31, 2014 and 2013:

Performing loans	Developers-Residential	Developers-Commercial	Developers Mixed Used	Other	Total outstanding loans
March 31, 2014	\$ 13,795,950	\$ 1,225,000	\$ 525,000	\$ 30,000	\$ 15,575,950
March 31, 2013	\$ 11,104,000	\$ 440,000	\$ 990,000	\$ —	\$ 12,534,000

At March 31, 2014, the Company's commercial loans include loans in the amount of \$290,000, \$100,000, \$135,000 and \$1,804,000, originally due in 2009, 2010, 2011 and 2013, respectively. In all instances the borrowers are currently paying their interest and, generally, the Company receives a fee in connection with the extension of the loans. Accordingly, at March 31, 2014, no loan impairments exist and there are no provisions for impairments of loans or recoveries thereof included in operations.

Subsequent to the balance sheet date, \$520,000 of the Company's commercial loans, originally due in 2013 and outstanding at March 31, 2014, were paid off.

4. INVESTMENT IN REAL ESTATE

On March 21, 2011, the Company purchased three 2-family buildings located in the Bronx, New York for \$675,000, including related costs, and sold to the seller a one year option to buy back the properties for the same price (the "Buy Back Option"). The Buy Back Option was sold for \$3,900, plus a monthly fee of \$10,530 payable to the Company by the option holder for the life of the option.

On September 28, 2011, the option holder partially exercised the Buy Back Option with respect to one of the properties for \$380,679. On October 1, 2011, the Company issued a new one year option for the two remaining properties at an aggregate exercise price of \$294,321 with a monthly option fee of \$4,591 (the "New Option"). On October 21, 2011, the option holder partially exercised the New Option to buy back one of the two remaining properties for \$147,500 and had a continuing option, through October 1, 2012, to purchase the one remaining property at an exercise price of \$146,821 with a monthly option fee of \$2,296. Subsequently, the New Option's expiration date was extended twice, on October 1, 2012, which extended the expiration date through March 30, 2013, and again on April 1, 2013, which extended the expiration date through September 30, 2013.

The New Option expired on September 30, 2013, and the Company continues to receive option fee payments on a month-to-month basis from the former option holder. On March 10, 2014, the Company entered into a Contract of Sale for this property with a third-party for a purchase price of \$410,000. Prior to consummation of this sale the Company will refuse to allow the option to be renewed or reach an agreement with the option holder to allow the sale to be consummated.

Other income for each of the three month periods ended March 31, 2014 and 2013 in the amount of \$6,887 represents the fees generated from the seller buy back options.

5. EARNINGS PER SHARE OF COMMON STOCK

Basic and diluted earnings per share are calculated in accordance with ASC 260 "Earnings Per Share". Under ASC 260, basic earnings per share is computed by dividing income available to common shareholders by the weighted-average number of common shares outstanding for the period. The computation of diluted earnings per share is similar to basic earnings per share, except that the denominator is increased to include the potential dilution from the exercise of stock options and warrants for common shares using the treasury stock method. The numerator in calculating both basic and diluted earnings per common share for each period is the reported net income.

The denominator is based on the following weighted average number of common shares:

	Three Months Ended March 31,	
	2014	2013
Basic weighted average common shares outstanding	4,256,190	4,283,218
Incremental shares for assumed exercise of options	30,483	12,440
Diluted weighted average common shares outstanding	4,286,673	4,295,658

112,517 and 262,560 vested options were not included in the diluted earnings per share calculation for the three month periods ended March 31, 2014 and 2013, respectively, because their effect would have been anti-dilutive, or because they are being held in escrow (See Note 7).

6. STOCK – BASED COMPENSATION

The Company measures and recognizes compensation awards for all stock option grants made to employees and directors, based on their fair value in accordance with ASC 718 “Compensation - Stock Compensation”, which establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services. A key provision of this statement is to measure the cost of employee services received in exchange for an award of equity instruments (including stock options) based on the grant-date fair value of the award. The cost will be recognized over the service period during which an employee is required to provide service in exchange for the award (i.e., the requisite service period or vesting period). The Company accounts for equity instruments issued to non-employees in accordance with the provisions of ASC 718 and ASC 505-50, “Equity Based Payment to Non-Employees”. All transactions with non-employees, in which goods or services are the consideration received for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more appropriately measurable.

Share based compensation expense recognized under ASC 718 for each of the three month periods ended March 31, 2014 and 2013 was \$3,416, including the amortization of the fair value of the restricted shares granted on September 9, 2011, after adjusting for the effect on the fair value of the stock options related to this transaction. The fair value will be amortized over 15 years (See Note 7).

The exercise price of options granted under our stock option plan may not be less than the fair market value on the date of grant. The options may vest over a period not to exceed ten years. Stock options under our stock option plan may be awarded to officers, key-employees, consultants and non-employee directors of the Company. Under our stock option plan, every non-employee director of the Company is granted 7,000 options upon first taking office, and then 7,000 upon each additional year in office. The objectives of our stock option plan include attracting and retaining key personnel, providing for additional performance incentives and promoting the success of the Company by increasing the efforts of such officers, employees, consultants and directors. Our stock option plan is the only plan that the Company has adopted with stock options available for grant.

The fair value of each option is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average share assumptions used for grants in 2013: (1) expected life of 5 years; (2) annual dividend yield of 2.61%; (3) expected volatility 75%; (4) risk free interest rate of 1.07%.

The following summarizes stock option activity for the three months ended March 31, 2014:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Outstanding at December 31, 2013	285,000	\$ 0.97		
Granted	—	—		
Exercised	—	—		
Forfeited or expired	(140,000)	0.74		
Outstanding at March 31, 2014	145,000	\$ 1.20	2.31	\$ 100,082
Vested and exercisable at March 31, 2014	143,000	\$ 1.20	2.31	\$ 98,884

There was no grant of options during the three month periods ended March 31, 2014 and 2013.

7. RESTRICTED STOCK GRANT

On September 9, 2011, upon stockholders approval at the 2011 annual meeting of stockholders, the Company granted 1,000,000 shares of its restricted common stock (the “Restricted Shares”) to Mr. Ran, the Company’s chief executive officer. Under the terms of the restricted shares agreement (the “Restricted Shares Agreement”), Mr. Ran agreed to forfeit options held by him exercisable for an aggregate of 280,000 shares of common stock of the Company (“Common Stock”) with exercise prices above \$1.21 per share and agreed not to exercise additional options held by him for an aggregate of 210,000 shares of Common Stock with exercise prices below \$1.21 per share, all of which expired unexercised as of March 31, 2014. In addition, Mr. Ran may not sell, convey, transfer, pledge, encumber or otherwise dispose of the Restricted Shares until the earliest to occur of the following: (i) September 9, 2026, with respect to 1/3 of the Restricted Shares, September 9, 2027 with respect to an additional 1/3 of the Restricted Shares and September 9, 2028 with respect to the final 1/3 of the Restricted Shares; (ii) the date on which Mr. Ran’s employment is terminated by the Company for any reason other than for “Cause” (i.e., misconduct that is materially injurious to us monetarily or otherwise, including engaging in any conduct that constitutes a felony under federal, state or local law); or (iii) the date on which Mr. Ran’s employment is terminated on account of (A) his death; or (B) his disability, which, in the opinion of his personal physician and a physician selected by the Company prevents him from being employed with the Company on a full-time basis (each such date being referred to as a “Risk Termination Date”). If at any time prior to a Risk Termination Date Mr. Ran’s employment is terminated by the Company for Cause or by Mr. Ran voluntarily for any reason other than death or disability, Mr. Ran will forfeit that portion of the Restricted Shares which have not previously vested. Mr. Ran will have the power to vote the Restricted Shares and will be entitled to all dividends payable with respect to the Restricted Shares from the date the Restricted Shares are issued.

In connection with the Compensation Committee’s approval of the foregoing grant of Restricted Shares, the Compensation Committee consulted with and obtained the concurrence of independent compensation experts and informed Mr. Ran that it had no present intention of continuing its prior practice of annually awarding stock options to Mr. Ran as CEO. Also Mr. Ran, advised the Compensation Committee that he would not seek future stock option grants.

The grant of Restricted Shares was exempt from registration pursuant to Section 4(2) of the Securities Act of 1933, as amended. The stock certificates for the Restricted Shares were imprinted with restrictive legends and are held in escrow until vesting occurs.

8. LOANS AND LINE OF CREDIT

Short Term Loans

At March 31, 2014, the Company owed an aggregate of \$1,319,465 under six separate short term loans, bearing interest at rates ranging from 8% to 10% per annum. One of the loans in the amount of \$160,000, bearing interest at the rate of 10% per annum, is from a parent of a former member of the board of directors. Interest expense on this loan amounted to \$4,000 for the three months ended March 31, 2014. The loans are secured by certain of the Company's short term loans pursuant to a security agreement, and two of the loans are also personally guaranteed by the Company's CEO.

Line of Credit

On May 2, 2012, the Company entered into a one-year revolving Line of Credit Agreement with Sterling National Bank pursuant to which the Bank agreed to advance up to \$3.5 million (the "Sterling Credit Line") against assignments of mortgages and other collateral. The Sterling Credit Line was conditioned on an unlimited personal guarantee from Assaf Ran, the Company's CEO, and requires the maintenance of certain non-financial covenants including limitations on the percentage of loans outstanding in excess of one year, loans made to affiliated groups and the extent of construction loans made by the Company. The interest rate on the Sterling Credit Line is 2% in excess of the Wall Street Journal prime rate (3.25% at March 31, 2014), but in no event less than 6%, per annum, on the money in use. Total initiation costs for the Sterling Credit Line were approximately \$16,000. These costs are being amortized over one year, using the straight-line method. The amortization costs for the three month period ended March 31, 2013 were \$4,006.

On January 31, 2013, the Company entered into an amendment to the Line of Credit Agreement with Sterling National Bank to increase the Sterling Credit Line from \$3.5 million to \$5 million, under the same terms as the original line of credit (the "Amendment"). In connection with the Amendment, Mr. Ran agreed to increase his personal guarantee to \$5 million. Effective on May 1, 2013 and July 1, 2013, the term of the Sterling Credit Line was extended through July 1, 2013 and July 1, 2014, respectively.

On December 13, 2013, the Company entered into another amendment to the Line of Credit Agreement with Sterling National Bank to increase the Sterling Credit Line from \$5 million to \$7 million, under the same terms as the original line of credit (the "Second Amendment"). In connection with the Second Amendment, Mr. Ran agreed to increase his personal guarantee to \$7 million. At March 31, 2014, the outstanding amount under the Sterling Credit Line was \$5,300,000.

9. COMMITMENTS

Operating Lease

On June 9, 2011, the Company entered into a new lease agreement (the "Lease") to relocate its corporate headquarters to 60 Cutter Mill Road, Great Neck, New York. The Lease is for a term of five years and two months commencing June 2011 and ending August 2016. The rent increases annually during the term and ranges from approximately \$2,800 per month during the first year to approximately \$3,200 per month during the fifth year.

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited consolidated financial statements and notes thereto included in this Quarterly Report on Form 10-Q. The discussion and analysis contains forward-looking statements based on current expectations that involve risks and uncertainties. Actual results and the timing of certain events may differ significantly from those projected in such forward-looking statements .

The Company offers short-term, secured, non-banking loans to real estate investors (also known as hard money) to fund their acquisition and construction of properties located in the New York Metropolitan area. The loans are principally secured by collateral consisting of real estate and, generally, accompanied by personal guarantees from the principals of the businesses. The loans are generally for a term of one year. Most of the loans provide for receipt of interest only during the term of the loan and a balloon payment at the end of the term. Loans ranging in size from \$30,000 to \$1,300,000 were concluded at stated interest rates of 12% to 15%, but often at higher effective rates based upon points or other up-front fees.

For the three month periods ended March 31, 2014 and 2013 the total amounts of \$4,774,000 and \$2,853,500, respectively, have been lent, offset by collections received from borrowers, under the commercial loans in the amounts of \$3,893,000 and \$3,943,866, respectively.

The Company uses its own employees, outside lawyers and other independent professionals to verify titles and ownership, to file liens and to consummate the transactions. Outside appraisers are used to assist the Company's officials in evaluating the worth of collateral, when deemed necessary by management. The Company also uses independent construction inspectors as well as mortgage brokers and deal initiators.

The Company generally grants loans for a term of one year. In some cases, the Company has agreed to extend the term of the loans beyond one year. This was mainly due to the additional lending conditions generally imposed by traditional lenders and financial institutions as a result of the mortgage crisis, which has made it more difficult overall for borrowers, including the Company's borrowers, to secure long term financing. Prior to the Company granting an extension of any loan, it reevaluates the underlying collateral.

To date, we have not experienced any defaults and none of the loans previously made have been non-collectable, although no assurances can be given that existing or future loans may not go into default or prove to be non-collectable in the future.

At March 31, 2014, we were committed to an additional \$1,035,500 in construction loans that can be drawn by the borrower when certain conditions are met.

The Company is exploring the possibility of becoming a REIT, an entity which would not be subject to federal or state income taxes. The Company does not currently meet all requirements for adopting REIT status, including a limitation on ownership concentration, and no assurances can be given that it will be able to meet such requirements in 2014, or thereafter.

Results of Operations

Three months ended March 31, 2014 compared to three months ended March 31, 2013

Total revenue

Total revenues for the three month period ended March 31, 2014 were approximately \$609,000 compared to approximately \$534,000 for the three month period ended March 31, 2013, an increase of \$75,000 or 14%. The increase in revenue represents an increase in lending operations. In 2014, approximately \$507,000 of our revenue represents interest income on secured, commercial loans that we offer to small businesses compared to approximately \$445,000 for the same period in 2013, and approximately \$102,000 represents origination fees on such loans compared to approximately \$90,000 for the same period in 2013. The loans are principally secured by collateral consisting of real estate and, generally, accompanied by personal guarantees from the principals of the businesses.

Interest and amortization of debt service costs

Interest and amortization of debt service costs for the three month period ended March 31, 2014 was approximately \$116,000 compared to approximately \$103,000 for the three month period ended March 31, 2013, an increase of \$13,000 or 12.6%. The increase in interest and amortization of debt service costs was primarily attributable to our use of the Sterling Credit Line, offset by the repayment of Senior Secured Notes . (See Note 8 to the financial statements included elsewhere in this report.)

General and administrative costs

General and administrative expenses for the three month period ended March 31, 2014 were approximately \$176,000 compared to approximately \$173,000 for the three month period ended March 31, 2013.

Other income

Other income for each of the three month periods ended March 31, 2014 and 2013 was approximately \$7,000, which represents the fees generated from the seller buy back options. (See Note 4 to the financial statements included elsewhere in this report.)

Income tax expense

For the three month period ended March 31, 2014, we had income tax expense of \$115,000 compared to \$92,000 for the three month period ended March 31, 2013.

Liquidity and Capital Resources

At March 31, 2014, we had cash and cash equivalents of approximately \$1,000 and working capital of approximately \$5,767,000 compared to cash and cash equivalents of approximately \$1,021,000 and working capital of approximately \$4,677,000 at December 31, 2013. The decrease in cash and cash equivalents primarily reflects the increase in lending operations. The increase in working capital is primarily attributable to the decrease in long term loans receivable.

For the three months ended March 31, 2014 net cash used in operating activities was approximately \$29,000, compared to approximately \$21,000 of net cash used in operating activities for the three months ended March 31, 2013. The increase in net cash used in operating activities primarily results from an increase in interest receivable on loans and a decrease in accounts payable and accrued expenses, offset by an increase in net income and a decrease in income taxes payable.

For the three months ended March 31, 2014 net cash used in investing activities was \$881,000, compared to approximately \$1,090,000 provided by investing activities for the three months ended March 31, 2013. Net cash used in investing activities for the three month period ended March 31, 2014, consisted of the issuance of our short term commercial loans in the amount of \$4,774,000, offset by collection of commercial loans in the amount of \$3,983,000. Net cash provided by investing activities for the three month period ended March 31, 2013, consisted of collection of commercial loans in the amount of approximately \$3,944,000, offset by the issuance of our short term commercial loans in the amount of approximately \$2,854,000.

For the three months ended March 31, 2014 net cash used in financing activities was approximately \$110,000, compared to approximately \$1,073,000 used in financing activities for the three months ended March 31, 2013. Net cash used in financing activities for the three months ended March 31, 2014 reflects the repayments of Sterling Credit Line in the amount of \$50,000, the dividend payment of approximately \$43,000 and the capital raising costs in the amount of approximately \$18,000. Net cash used in financing activities for the three months ended March 31, 2013 reflects the repayments of the short term loans and line of credit in the aggregate amount of \$1,040,000 and the purchase of treasury stock in the amount of approximately \$38,000, offset by the proceeds from exercise of stock options in the amount of approximately \$5,000.

On May 2, 2012, the Company entered into a one-year revolving Line of Credit Agreement with Sterling National Bank pursuant to which the Bank agreed to advance up to \$3.5 million (the "Sterling Credit Line") against assignments of mortgages and other collateral. The interest rate on the Sterling Credit Line is 2% in excess of the Wall Street Journal prime rate (3.25% at March 31, 2014), but in no event less than 6%, per annum, on the money in use. On January 31, 2013, the Company entered into an amendment to the Line of Credit Agreement with Sterling National Bank to increase the Sterling Credit Line from \$3.5 million to \$5 million, under the same terms as the original line of credit (the "Amendment"). Effective on May 1, 2013 and July 1, 2013, the term of the Sterling Credit Line was extended through July 1, 2013 and July 1, 2014, respectively. On December 13, 2013, the Company entered into a second amendment to the Line of Credit Agreement with Sterling National Bank to increase the Sterling Credit Line from \$5 million to \$7 million, under the same terms as the original line of credit (the "Second Amendment"). (See Note 8 to the financial statements included elsewhere in this report.) At March 31, 2014, the outstanding balance of the Sterling Credit Line is \$5,300,000.

We have not entered into any off-balance sheet transactions, arrangements or other relationships with unconsolidated entities or other persons that are likely to affect liquidity or the availability of our requirements for capital resources.

We anticipate that our current cash balances and the Sterling Credit Line together with our cash flows from operations will be sufficient to fund the operations for the next 12 months. However, we expect our working capital requirements to increase over the next 12 months as we continue to strive for growth.

Changes to Critical Accounting Policies and Estimates

Our critical accounting policies and estimates are set forth in our Annual Report on Form 10-K for the fiscal year ended December 31, 2013.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

Item 4. CONTROLS AND PROCEDURES

(a) Evaluation and Disclosure Controls and Procedures

Our management, with the participation of our chief executive officer and chief financial officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of March 31, 2014 (the "Evaluation Date"). Based upon that evaluation, the chief executive officer and the chief financial officer concluded that, as of the Evaluation Date, our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act (i) are recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms and (ii) are accumulated and communicated to our management, including its chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

(b) Changes in Internal Control Over Financial Reporting

There was no change in our internal control over financial reporting (as defined in Rules 13a-15(f) or 15d-15(f) under the Exchange Act) identified in connection with the evaluation required by Rules 13a-15(d) or 15d-15(d) that occurred during the fiscal quarter ended March 31, 2014 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 6. EXHIBITS

<u>Exhibit No.</u>	<u>Description</u>
31.1	Chief Executive Officer Certification as required under section 302 of the Sarbanes Oxley Act (filed herewith)
31.2	Chief Financial Officer Certification as required under section 302 of the Sarbanes Oxley Act (filed herewith)
32.1*	Chief Executive Officer Certification pursuant to 18 U.S.C. section 1350 as adopted pursuant to section 906 of the Sarbanes Oxley Act (furnished herewith)
32.2*	Chief Financial Officer Certification pursuant to 18 U.S.C. section 1350 as adopted pursuant to section 906 of the Sarbanes Oxley Act (furnished herewith)
101.INS (1)	XBRL Instance Document
101.CAL (1)	XBRL Taxonomy Extension Schema Document
101.SCH (1)	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB (1)	XBRL Taxonomy Extension Label Linkbase Document
101.PRE (1)	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF (1)	XBRL Taxonomy Extension Definition Linkbase Document

* Furnished, not filed, in accordance with item 601(32)(ii) of Regulation S-K.

- (1) Furnished with this report. In accordance with Rule 406T of Regulation S-T, the information in these exhibits shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability under that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, except as expressly set forth by specific reference in such filing.

SIGNATURES

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

Manhattan Bridge Capital, Inc. (Registrant)

Date: May 1, 2014

By: /s/ Assaf Ran

Assaf Ran, President and Chief Executive Officer
(Principal Executive Officer)

Date: May 1, 2014

By: /s/ Vanessa Kao

Vanessa Kao, Chief Financial Officer
(Principal Financial and Accounting Officer)

CERTIFICATION

I, Assaf Ran, certify that:

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

Date: May 1, 2014

/s/ Assaf Ran

Assaf Ran

President and Chief Executive Officer

(Principal Executive Officer)

CERTIFICATION

I, Vanessa Kao, certify that:

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

Date: May 1, 2014

/s/ Vanessa Kao

Vanessa Kao
Chief Financial Officer
(Principal Financial and Accounting Officer)

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

In connection with the Quarterly Report on Form 10-Q of Manhattan Bridge Capital, Inc. (the "Company") for the period ended March 31, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Assaf Ran, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to § 906 of the Sarbanes Oxley Act, that:

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

Dated: May 1, 2014

/s/ Assaf Ran*

Assaf Ran
President and Chief Executive Officer
(Principal Executive Officer)

* A signed original of this written statement required by Section 906 has been provided to us and will be retained by us and furnished to the Securities and Exchange Commission or its staff upon request.

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

In connection with the Quarterly Report on Form 10-Q of Manhattan Bridge Capital, Inc. (the "Company") for the period ended March 31, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Vanessa Kao, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to § 906 of the Sarbanes Oxley Act, that:

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

Dated: May 1, 2014

/s/ Vanessa Kao*

Vanessa Kao

Chief Financial Officer

(Principal Financial and Accounting Officer)

* A signed original of this written statement required by Section 906 has been provided to us and will be retained by us and furnished to the Securities and Exchange Commission or its staff upon request.