SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant To Section 13 or 15(d) of the Securities Exchange Act Of 1934

For The Quarterly Period Ended June 30, 2013

Commission File Number: 0-52589

ANCHOR FUNDING SERVICES, INC.
(Exact name of registrant as specified in its charter)

Delaware	**20-5456087**
(State of jurisdiction of Incorporation)	(I.R.S. Employer Identification No.)

10801 Johnston Road. Suite 210 Charlotte, NC	**28226**
(Address of Principal Executive Offices)	(Zip Code)

(866) 789-3863
(Registrant's telephone number)

Not Applicable
(Former name, address and 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 [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Date File required to be submitted pursuant to Rule 405 of Regulation S-T during the 12 preceding months (or such shorter period that the registrant was required to submit and post such file). Yes [X] 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 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 [X]

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

As of June 30, 2013, the Company had a total of 18,634,369 shares of Common Stock outstanding, excluding 376,387 outstanding shares of Series 1 Preferred Stock convertible into 1,919,574 shares of Common Stock.

CAUTIONARY STATEMENT ABOUT FORWARD-LOOKING STATEMENTS

This report contains certain "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. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Reform Act of 1995, and are including this statement for purposes of these safe harbor provisions. "Forward-looking statements," which are based on certain assumptions and describe our future plans, strategies and expectations, may be identified by the use of such words as "believe," "expect," "anticipate," "should," "planned," "estimated" and "potential." Examples of forward-looking statements, include, but are not limited to, estimates with respect to our financial condition, results of operations and business that are subject to various factors that could cause actual results to differ materially from these estimates and most other statements that are not historical in nature. These factors include, but are not limited to, general and local economic conditions, changes in interest rates, deposit flows, demand for commercial, mortgage, consumer and other loans, real estate values, competition, changes in accounting principles, policies or guidelines, changes in legislation or regulation, and other economic, competitive, governmental, regulatory and technological factors affecting our operations, pricing, products and services. These risks and uncertainties should be considered in evaluating forward-looking statements and undue reliance should not be placed on such statements. Further information concerning the Company and its business, including additional factors that could materially affect our financial results, is included in our other filings with the Securities and Exchange Commission.

ANCHOR FUNDING SERVICES, INC.

Form 10-Q Quarterly Report

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

ANCHOR FUNDING SERVICES, INC.
CONSOLIDATED BALANCE SHEETS

ASSETS

	(Unaudited) June 30, 2013	December 31, 2012
CURRENT ASSETS		
Cash	$ 745,622	$ 610,439
Retained interest in purchased accounts receivable, net	7,057,649	7,019,463
Due from client	229,899	-
Earned but uncollected fee income	211,516	168,805
Prepaid expenses and other	80,593	100,998
Total current assets	8,325,279	7,899,705
PROPERTY AND EQUIPMENT, net	14,844	14,257
OTHER ASSETS		
Intangible assets – patent costs	20,339	-
Security deposits	6,023	6,023
Total other assets	26,362	6,023
	$ 8,366,485	$ 7,919,985
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Due to financial institution	$ 5,424,619	$ 4,977,763
Accounts payable	59,921	86,772
Accrued payroll and related taxes	49,654	69,338
Accrued expenses	25,382	59,252
Collected but unearned fee income	21,682	28,642
Total current liabilities	5,581,258	5,221,767
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
PREFERRED STOCK, net of issuance costs of $1,209,383	671,409	671,409
COMMON STOCK	1,863	1,863
ADDITIONAL PAID IN CAPITAL	7,545,982	7,496,693
ACCUMULATED DEFICIT	(5,434,027)	(5,471,747)
	2,785,227	2,698,218
	$ 8,366,485	$ 7,919,985

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

ANCHOR FUNDING SERVICES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	(Unaudited) For the three months ended June 30,		(Unaudited) For the six months ended June 30,	
	2013	2012	2013	2012
FINANCE REVENUES	$ 703,602	$ 712,749	$ 1,306,209	$ 1,255,245
INTEREST EXPENSE - financial institutions	(108,032)	(143,499)	(210,413)	(233,822)
INTEREST EXPENSE - related party	-	(4,110)	-	(4,110)
NET FINANCE REVENUES	595,570	565,140	1,095,796	1,017,313
(PROVISION) RECOVERY FOR CREDIT LOSSES	(105,000)	14,104	(105,000)	14,104
FINANCE REVENUES, NET OF INTEREST EXPENSE AND CREDIT LOSSES	490,570	579,244	990,796	1,031,417
OPERATING EXPENSES	505,766	410,644	953,076	826,048
INCOME LOSS BEFORE INCOME TAXES	(15,196)	168,600	37,720	205,369
INCOME TAXES	-	-	-	-
NET INCOME (LOSS)	$ (15,196)	$ 168,600	$ 37,720	$ 205,369
NET INCOME (LOSS) PER SHARE				
Basic	$ -	$ 0.01	$ -	$ 0.01
Dilutive	$ -	$ 0.01	$ -	$ 0.01
WEIGHTED AVERAGE SHARES				
Basic	18,634,369	18,634,369	18,634,369	18,634,369
Dilutive	20,739,580	20,516,132	20,710,206	20,516,132

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

ANCHOR FUNDING SERVICES, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
For the six months ended June 30, 2013

	Preferred Stock	Common Stock	Additional Paid in Capital	Accumulated Deficit	Total
Balance, December 31, 2012	$ 671,409	$ 1,863	$ 7,496,693	$ (5,471,747)	$ 2,698,218
Provision for compensation expense related to issued stock options	-	-	47,373	-	47,373
Provision for compensation expense related to issued warrants	-	-	1,916	-	1,916
Net income	-	-	-	37,720	37,720
Balance, June 30, 2013 (unaudited)	$ 671,409	$ 1,863	$ 7,545,982	$ (5,434,027)	$ 2,785,227

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

ANCHOR FUNDING SERVICES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the six months ended June 30,

	(Unaudited) 2013	(Unaudited) 2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 37,720	$ 205,369
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	12,658	9,995
Compensation expense related to issuance of stock options	47,373	5,327
Compensation expense related to issuance of warrants	1,916	9,582
Allowance for uncollectible accounts	105,000	6,949
(Increase) in retained interest in purchased accounts receivable	(143,186)	(3,019,844)
(Increase) in due from client	(229,899)	-
(Increase) in earned but uncollected fee income	(42,711)	(45,084)
Decrease (increase) in prepaid expenses and other	20,405	(4,881)
(Decrease) increase in accounts payable	(26,851)	16,690
(Decrease) in accrued payroll and related taxes	(19,684)	(7,629)
(Decrease) in collected but not earned	(6,960)	(5,773)
(Decrease) increase in accrued expenses	(33,870)	3,765
Net cash used in operating activities	(278,089)	(2,825,534)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Patent costs	(20,339)	-
Purchases of property and equipment	(13,245)	(4,194)
Net cash used in investing activities	(33,584)	(4,194)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from financial institution, net	446,856	2,259,543
Proceeds from participant	-	683,729
Proceeds from promissory notes	-	400,000
Net cash provided by financing activities	446,856	3,343,272
INCREASE IN CASH	135,183	513,544
CASH, beginning of period	610,439	306,571
CASH, end of period	$ 745,622	$ 820,115

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

ANCHOR FUNDING SERVICES, INC.

Notes To Consolidated Financial Statements

For the Three Months and Six Months Ended June 30, 2013 and 2012

(Unaudited)

The Consolidated Balance Sheet as of June 30, 2013, the Consolidated Statements of Operations and Consolidated Statements of Changes In Stockholders' Equity for the six months ended June 30, 2013 and the Consolidated Statements of Cash Flows for the six months ended June 30, 2013 and 2012 have been prepared by us without audit. In the opinion of Management, the accompanying unaudited consolidated financial statements contain all adjustments (consisting only of normal recurring adjustments) necessary to present fairly in all material respects our financial position as of June 30, 2013, results of operations for the three months and six months ended June 30, 2013 and 2012 and cash flows for the six months ended June 30, 2013 and 2012, and are not necessarily indicative of the results to be expected for the full year.

This report should be read in conjunction with our Form 10-K for our fiscal year ended December 31, 2012.

1. BACKGROUND AND DESCRIPTION OF BUSINESS:

The consolidated financial statements include the accounts of Anchor Funding Services, Inc. (formerly BTHC XI, Inc.) and its wholly owned subsidiaries, Anchor Funding Services, LLC ("Anchor") and FlexShopper, LLC ("FlexShopper").

Anchor Funding Services, Inc. is a Delaware corporation. Anchor Funding Services, Inc. has no operations; substantially all operations of the Company are the responsibility of Anchor Funding Services, LLC.

Anchor Funding Services, LLC is a North Carolina limited liability company. Anchor Funding Services, LLC was formed for the purpose of providing factoring and back office services to businesses located throughout the United States of America.

FlexShopper, LLC is a North Carolina limited liability company. It was formed for the purpose of developing a business that will provide certain types of durable goods to consumers on a lease to own basis and also provide lease to own terms to consumers of third party retailers.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Principles of Consolidation - The accompanying consolidated financial statements include the accounts of Anchor Funding Services, Inc. and, its wholly owned subsidiaries, Anchor Funding Services, LLC and FlexShopper, LLC.

Estimates – The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("US GAAP") requires management to make estimates 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. Actual results could differ from those estimates.

Revenue Recognition – The Company charges fees to its customers in one of two ways as follows:

1) **Fixed Transaction Fee.** Fixed transaction fees are a fixed percentage of the purchased invoice and purchase order advance. This percentage does not change from the date the purchased invoice is funded until the date the purchased invoice is collected.

2) **Variable Transaction Fee.** Variable transaction fees are variable based on the length of time the purchased invoice and purchase order advance is outstanding. As specified in its contract with the client, the Company charges variable increasing percentages of the purchased invoice or purchase order advance as time elapses from the purchase date to the collection date.

For both Fixed and Variable Transaction fees, the Company recognizes revenue by using one of two methods depending on the type of customer. For new customers the Company recognizes revenue using the cost recovery method. For established customers the Company recognizes revenue using the accrual method.

Under the cost recovery method, all revenue is recognized upon collection of the entire amount of purchased accounts receivable.

The Company considers new customers to be accounts whose initial funding has been within the last three months or less. Management believes it needs three months of history to reasonably estimate a customer's collection period and accrued revenues. If three months of history has a limited number of transactions, the cost recovery method will continue to be used until a reasonable revenue estimate can be made based on additional history. Once the Company obtains sufficient historical experience, it will begin using the accrual method to recognize revenue.

For established customers the Company uses the accrual method of accounting. The Company applies this method by multiplying the historical yield, for each customer, times the amount advanced on each purchased invoice outstanding for that customer, times the portion of a year that the advance is outstanding. The customers' historical yield is based on the Company's last six months of experience with the customer along with the Company's experience in the customer's industry, if applicable.

The amounts recorded as revenue under the accrual method described above are estimates. As purchased invoices and purchase order advances are collected, the Company records the appropriate adjustments to record the actual revenue earned on each purchased invoice and purchase order advance. Adjustments from the estimated revenue to the actual revenue have not been material.

Retained Interest in Purchased Accounts Receivable – Retained interest in purchased accounts receivable represents the gross amount of invoices purchased and advances on purchase orders from clients less amounts maintained in a reserve account. For factoring transactions, the Company purchases a customer's accounts receivable and advances them a percentage of the invoice total. The difference between the purchase price and amount advanced is maintained in a reserve account. The reserve account is used to offset any potential losses the Company may have related to the purchased accounts receivable. For purchase order transactions the company advances and pays for 100% of the product's cost.

The Company's factoring and security agreements with their customers include various recourse provisions requiring the customers to repurchase accounts receivable if certain conditions, as defined in the factoring and security agreement, are met.

Senior management reviews the status of uncollected purchased accounts receivable and purchase order advances monthly to determine if any are uncollectible. The Company has a security interest in the accounts receivable and inventory purchased and, on a case-by-case basis, may have additional collateral. The Company files security interests in the property securing their advances. Access to this collateral is dependent upon the laws and regulations in each state where the security interest is filed. Additionally, the Company has varying types of personal guarantees from their customers relating to the purchased accounts receivable and purchase order advances.

Management considered approximately $185,449 of their June 30, 2013 and December 31, 2012 retained interest in purchased accounts receivable to be uncollectible.

Management believes the fair value of the retained interest in purchased accounts receivable approximates its recorded value because of the relatively short-term nature of the purchased receivable and the fact that the majority of these invoices have been subsequently collected. As of June 30, 2013, accounts receivable purchased over 90 days old and still accruing fees totaled approximately $151,400.

Intangible Assets - Intangible assets are stated at cost less any accumulated amortization and any provision for impairment. Patent costs are amortized by using the straight line method over the shorter of their legal (20 years) or useful lives from the time they are first available for use.

Advertising Costs – The Company charges advertising costs to expense as incurred. Total advertising costs were approximately $86,000 and $67,400 for the quarters ended June 30, 2013 and 2012, respectively, and $151,700 and $135,700 for the six months ended June 30, 2013 and June 30, 2012, respectively.

Earnings per Share ("EPS") – Basic net income per share is computed by dividing the net income for the period by the weighted average number of common shares outstanding during the period. Dilutive earnings per share include the potential impact of dilutive securities, such as convertible preferred stock, stock options and stock warrants. The dilutive effect of stock options and warrants is computed using the treasury stock method, which assumes the repurchase of common shares at the average market price.

Under the treasury stock method, options and warrants will have a dilutive effect when the average price of common stock during the period exceeds the exercise price of options or warrants.

The following tables present a reconciliation of the components used to derive basic and diluted EPS for the periods indicated:

	2013								2012					
	(Numerator) Net Income (Loss)		(Denominator) Weighted-Average Shares		Per Share Amount			(Numerator) Net Income		(Denominator) Weighted-Average Shares		Per Share Amount		
Three Months Ended June 30,														
Basic EPS	$	(15,196)	18,634,369	$	0.00	$	168,600	17,763,618	$	0.01				
Effect of Dilutive Securities – Options and Convertible Preferred Stock		-	2,105,211		-		-	2,752,514		-				
Diluted EPS	$	(15,196)	20,739,580	$	0.00	$	168,600	20,516,132	$	0.01				
Six Months Ended June 30,														
Basic EPS	$	37,720	18,634,369	$	0.00	$	205,369	17,763,618	$	0.01				
Effect of Dilutive Securities – Options and Convertible Preferred Stock		-	2,075,837		-		-	2,752,514		-				
Diluted EPS	$	37,720	20,710,206	$	0.00	$	205,369	20,516,132	$	0.01				

Stock Based Compensation - The fair value of transactions in which the Company exchanges its equity instruments for employee services (share-based payment transactions) is recognized as an expense in the financial statements as services are performed.

Compensation expense is determined by reference to the fair value of an award on the date of grant and is amortized on a straight-line basis over the vesting period. We have elected to use the Black-Scholes-Merton (BSM) pricing model to determine the fair value of all stock option awards.

See Note 9 for the impact on the operating results for the three months and six months ended June 30, 2013 and 2012.

Fair Value of Financial Instruments – The carrying value of cash equivalents, retained interest in purchased accounts receivable, due to financial institution, accounts payable and accrued liabilities approximates their fair value.

Cash and Cash Equivalents – Cash and cash equivalents consist primarily of highly liquid cash investment funds with original maturities of three months or less when acquired.

Income Taxes – Effective January 31, 2007, the Company became a "C" corporation for income tax purposes. In a "C" corporation income taxes are provided for the tax effects of transactions reported in the consolidated financial statements plus deferred income taxes related to the differences between financial statement and taxable income.

The primary differences between financial statement and taxable income for the Company are as follows:

- Expenses related to the issuance of equity instruments
- Use of the reserve method of accounting for bad debts
- Net operating loss carryforwards.

The deferred tax asset represents the future tax return consequences of utilizing these items. Deferred tax assets are reduced by a valuation reserve, when management is uncertain if the net deferred tax assets will ever be realized.

The Company applied the provisions of ASC 740-10-50, "Accounting For Uncertainty In Income Taxes", which provides clarification related to the process associated with accounting for uncertain tax positions recognized in our financial statements. The Company applied this guidance to all its tax positions, including tax positions taken and those expected to be taken, under the transition provision of the interpretation. For the six months ended June 30, 2013 and 2012, the Company concluded that it had no material uncertain tax positions.

The Company classifies interest accrued on unrecognized tax benefits with interest expense. Penalties accrued on unrecognized tax benefits are classified with operating expenses.

Recent Accounting Pronouncements –

The FASB amended the Comprehensive Income topic of the ASC in February 2013. The amendment addresses reporting of amounts reclassified out of accumulated other comprehensive income. Specifically, the amendment does not change the current requirements for reporting net income or other comprehensive income in financial statements. However, the amendment does require an entity to provide information about the amounts reclassified out of accumulated other comprehensive income by component. In addition, in certain circumstances an entity is required to present, either on the face of the statement where net income is presented or in the notes, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income. The amendment will be effective for the Company on a prospective basis for reporting periods beginning after December 15, 2012. Early adoption is permitted. The Company adopted this guidance effective January 1, 2013, as required, and this adoption did not have a significant impact to our consolidated financial statements.

In February 2013, the FASB Issued ASU No. 2013-02, "Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income," which requires entities to present information about reclassification adjustments from accumulated other comprehensive income in their annual financial statements in a single note or on the face of the financial statements. We adopted this ASU on March 1, 2013 and it had no impact on our financial statements.

In February 2013, the FASB Issued ASU No. 2013-04, "Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation Is Fixed at the Reporting Date". ASU 2013-04 provides guidance for the recognition, measurement, and disclosure of obligations resulting from joint and several liability arrangements for obligations within the scope of this ASU, which is effective January 1, 2014. Upon adoption, we do not expect this ASU to impact our financial statements.

In July 2013, the FASB issued ASU 2013-11, "Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists, " which among other things, require an unrecognized tax benefit, or a portion of an unrecognized tax benefit, to be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward, except as denoted within the ASU. The amendments in this ASU are effective for fiscal years, and interim periods within those years, beginning after December 15, 2013. We are currently evaluating the impact on our financial statements with respect to ASU 2013-11.

Other accounting standards that have been issued or proposed by the FASB or other standards-setting bodies are not expected to have a material impact in the Company's financial position, results of operations or cash flows.

3. RETAINED INTEREST IN PURCHASED ACCOUNTS RECEIVABLE:

Retained interest in purchased accounts receivable consists of the following:

	June 30, 2013	December 31, 2012
Purchased invoices	$ 8,628,028	$ 8,921,203
Purchase order advances	35,000	21,156
Reserve account	(1,419,930)	(1,842,447)
Allowance for uncollectible invoices	(185,449)	(80,449)
	$ 7,057,649	$ 7,019,463

Retained interest in purchased accounts receivable consists, excluding the allowance for uncollectible invoices, of United States companies in the following industries:

	June 30, 2013	December 31, 2012
Staffing	$ 169,754	$ 185,557
Transportation	1,586,863	1,773,290
Service	4,259,693	4,528,668
Manufacturing	256,011	612,397
Apparel	970,777	-
	$ 7,243,098	$ 7,099,912

Adjustments to the allowance for uncollectible invoices were as follows:

	For the six months ended June 30, 2013	2012
Balance - beginning of period	$ 80,449	$ 17,500
Provision for credit losses	105,000	6,949
Write-offs	-	-
Balance - end of period	$ 185,449	$ 24,449

Total purchased invoices and purchase order advances were as follows:

	For the quarters ended June 30,		For the six months ended June 30,	
	2013	2012	2013	2012
Purchased invoices	$ 24,099,369	$ 28,101,603	$ 48,051,056	$ 48,346,720
Purchase order advances	55,000	115,231	145,000	211,961
	$ 24,154,369	$ 28,216,834	$ 48,196,056	$ 48,558,681

4. DUE FROM CLIENT

As of June 30, 2013, the Company advanced a food service company $229,899 in excess of its accounts receivable. This amount was included in a subsequent invoice for completed services that were assigned to the Company. See Note 11. CONCENTRATIONS , Client Accounts.

5. PROPERTY AND EQUIPMENT:

Property and equipment consist of the following:

	Estimated Useful Lives	June 30, 2013	December 31, 2012
Furniture and fixtures	2-5 years	$ 52,587	$ 46,818
Computers and software	3-7 years	194,980	187,505
		247,567	234,323
Less: accumulated depreciation		(232,723)	(220,066)
		$ 14,844	$ 14,257

Depreciation expense was $8,495 and $4,983 for the quarters ended June 30, 2013 and 2012, respectively and $12,658 and $9,995 for the six months ended June 30, 2013 and 1012, respectively.

6. DUE TO FINANCIAL INSTITUTION:

On November 8, 2011, Anchor entered into a Rediscount Credit Facility with a Commercial Bank that was effective November 30, 2011 and replaced its prior credit facility. The maximum amount that can be borrowed under the facility is $10 million and the Bank will advance up to 80% of Anchor's advances to its clients. Anchor pays interest on advances monthly at the 90 Day Libor Rate plus 6.25% and various other monthly fees as defined in the agreement. The agreement requires that Anchor maintain at all times a ratio of debt to tangible net worth of not more than four to one (4:1). As of June 30, 2013, the Company was in compliance. The agreement contains customary representations and warranties, events of default and limitations, among other provisions. The agreement is collateralized by a first lien on all Anchors' assets. The agreement's anniversary date is November 30, 2013 and automatically renews each year for an additional year provided that the Company has not provided 60 days' notice to the Bank in advance of the anniversary date. This facility contains certain standard covenants, representations and warranties for loans of this type. In the event that we fail to comply with the covenant(s) and the lender does not waive such non-compliance, we could be in default of our credit facility, which could subject us to penalty rates of interest and accelerate the maturity of the outstanding balances in addition to other legal remedies, including foreclosure on collateral. The Company's President and CEO have provided validity guarantees to the Bank. Anchor owed this financial institution $5,424,619 as of June 30, 2013 and $4,977,763 as of December 31, 2012.

7. CAPITAL STRUCTURE:

The Company's capital structure consists of preferred and common stock as described below:

Preferred Stock – The Company is authorized to issue 10,000,000 shares of $.001 par value preferred stock. The Company's Board of Directors determines the rights and preferences of its preferred stock.

On January 31, 2007, the Company filed a Certificate of Designation with the Secretary of State of Delaware. Effective with this filing, 2,000,000 preferred shares became Series 1 Convertible Preferred Stock. Series 1 Convertible Preferred Stock will rank senior to Common Stock.

Series 1 Convertible Preferred Stock is convertible into 5.1 shares of the Company's Common Stock. The holder of the Series 1 Convertible Preferred Stock has the option to convert the shares to Common Stock at any time. Upon conversion all accumulated and unpaid dividends will be paid as additional shares of Common Stock.

The dividend rate on Series 1 Convertible Preferred Stock is 8%. Dividends are paid annually on December 31st in the form of additional Series 1 Convertible Preferred Stock unless the Board of Directors approves a cash dividend. Dividends on Series 1 Convertible Preferred Stock shall cease to accrue on the earlier of December 31, 2009, or on the date they are converted to Common Shares. Thereafter, the holders of Series 1 Convertible Preferred Stock have the same dividend rights as holders of Common Stock, as if the Series 1 Convertible Preferred Stock had been converted to Common Stock.

Common Stock – The Company is authorized to issue 65,000,000 shares of $.0001 par value Common Stock. Each share of Common Stock entitles the holder to one vote at all stockholder meetings. Dividends on Common Stock will be determined annually by the Company's Board of Directors.

The changes in Series 1 Convertible Preferred Stock and Common Stock shares for the six months ended June 30, 2013 is summarized as follows:

	Series 1 Convertible Preferred Stock	Common Stock
Balance, December 31, 2012	376,387	18,634,369
Preferred Stock Conversions	-	-
Common Stock Issuances	-	-
Balance June 30, 2013	376,387	18,634,369

8. RELATED PARTY TRANSACTION:

Promissory notes payable

On June 5, 2012, upon approval of the Board, Anchor entered into two Promissory Notes totaling $400,000, one with Morry Rubin and the other with a major shareholder of the company. Each Promissory Note was for $200,000, had a 90 day term, and earned interest (payable monthly) at 15% per annum. The Promissory Notes were to assist Anchor in providing factoring and purchase order funding facilities to some of its clients. The Promissory Notes were subordinate to and supplemented Anchor's $10 Million Rediscount Credit Facility with a Commercial Bank. Both promissory notes were paid on September 5, 2012. Anchor paid $0 and $4,110 of interest on these notes for the three months ended June 30, 2013 and 2012, respectively. Anchor paid $0 and $4,110 of interest on these notes for the six months ended June 30, 2013 and 2012, respectively.

Options granted to officers and directors.

On March 20, 2012, M. Rubin and B. Bernstein were each granted 10 year options to purchase 250,000 shares of common stock each for a total of 500,000 shares, with the options vesting over a period of 10 years. On May 17, 2013, the Board approved the accelerated vesting of these options such that they all became vested. Due to the anti-dilution provisions of our Series 1 Convertible Preferred Stock, this grant caused an adjustment of our preferred stock into common stock. Each share of Series 1 Preferred Stock is now convertible into 5.1 shares of the Company's Common Stock. The holders of the Series 1 Convertible Preferred Stock have the option to convert the shares to Common Stock at any time. See Note 9.

In June 2012, Paul Healy was granted 10-year non-statutory stock options to purchase 180,000 shares of Anchor's common stock exercisable at $.25 per share. The options vest one-third immediately and one-third on each of the successive anniversary dates from Mr. Healy joining the board until fully vested.

In June 2013, the Company granted the Chief Information Officer of FlexShopper, 10-year Incentive Stock Options to purchase 100,000 shares of Anchor's Common Stock, exercisable at $.35 per share. The options vest one-third immediately, and one-third on each of the successive anniversary dates from the date the FlexShopper Chief Information Officer commenced work.

9. EMPLOYMENT AND STOCK OPTION AGREEMENTS:

On January 31, 2007, the Board adopted our 2007 Omnibus Equity Compensation Plan (the "Plan"), with 2,100,000 common shares authorized for issuance under the Plan. In October 2009 the Company's stockholders approved an increase in the number of shares covered by the Plan to 4,200,000 shares.

The general purpose of the plan is to provide an incentive to the Company's employees, directors and consultants by enabling them to share in the future growth of the business.

At closing of the exchange transaction described above, M. Rubin and Brad Bernstein ("B. Bernstein"), the President of the Company, entered into employment contracts and stock option agreements. Additionally, at closing two non-employee directors entered into stock option agreements.

The following summarizes M. Rubin's employment agreement and stock options:

- The employment agreement with M. Rubin currently retains his services as Co-chairman and Chief Executive Officer through January 31, 2014.

- An annual salary of $1 until, the first day of the first month following such time as the Company, shall have, within any period beginning on January 1 and ending not more than 12 months thereafter, earned pre-tax net income exceeding $1,000,000, M. Rubin's base salary shall be adjusted to an amount, to be mutually agreed upon between M. Rubin and the Company, reflecting the fair value of the services provided, and to be provided, by M. Rubin taking into account (i) his position, responsibilities and performance, (ii) the Company's industry, size and performance, and (iii) other relevant factors. On August 8, 2013, the Board modified M. Rubin's employment agreement and approved an annual salary of $125,000. M. Rubin is eligible to receive annual bonuses as determined by the Company's compensation committee. M. Rubin shall be entitled to a monthly automobile allowance of $1,500.

- 10-year options to purchase 650,000 shares exercisable at $1.25 per share, pursuant to the Plan. All of the aforementioned options are fully vested.

The following summarizes B. Bernstein's employment agreement and stock options:

- The employment agreement with B. Bernstein currently retains his services as President through January 31, 2014.

- An annual salary of $240,000. The Board may periodically review B. Bernstein's base salary and may determine to increase (but not decrease) the base salary in accordance with such policies as the Company may hereafter adopt from time to time. The Board approved an annual bonus program for Mr. Bernstein commencing with the 2012 fiscal year and ending with the 2014 fiscal year. The annual bonus is equal to 5% of annual net income provided net income is equal to or greater than $200,000. The bonus is calculated on the Company's audited US GAAP financial statements. B. Bernstein shall be entitled to a monthly automobile allowance of $1,000.

- 10-year options to purchase 950,000 shares exercisable at $1.25 per share, pursuant to the Plan. All of the aforementioned options are fully vested.

The following table summarizes information about stock options as of June 30, 2013:

Exercise Price		Number Outstanding	Remaining Contractual Life	Number Exercisable
$	1.25	1,605,000	4 years	1,605,000
$	1.00	45,000	6 years	33,750
$	0.62	500,000	6 years	500,000
$	0.17	500,000	9 years	500,000
$	0.35	100,000	10 years	33,333
$	0.25	180,000	9 years	120,000
		2,930,000		2,792,083

The Company measured the fair value of each option award on the date of grant using the Black Scholes option pricing model with the following assumptions:

Exercise price	$ .17 to $1.25
Term	10 years
Volatility	.39 to 2.50
Dividends	0%
Discount rate	0.05% to 4.75%

The fair value amounts recorded for these options in the statement of operations was $47,373 and $5,327 for the six months ended June 30, 2013 and 2012, respectively.

10. WARRANTS:

In March, 2007, the placement agent was issued warrants to purchase 1,342,500 shares of the Company’s common stock. These warrants were due to expire on January 31, 2013 but were extended by the Company through January 31, 2014 on the condition that each warrant holder accept a new exercise price of $1.35 per share. The following information was input into BSM to compute a per warrant price of $.023:

Exercise price	$	1.35
Term		7 years
Volatility		40%
Dividends		0 %
Discount rate		.05 %

For the six months ended June 30, 2013 and 2012 the Company recorded compensation expense of $1,916 and $9,582 respectively, related to the issuance of these warrants.

On December 7, 2009, the Company received gross proceeds of $500,002 from the sale of 500,002 shares of common stock and ten year warrants to purchase 2,000,004 shares of common stock exercisable at $1.00 per share. The Black Scholes option pricing model was used to compute the fair value of the warrants.

The following table summarizes information about stock warrants as of June 30, 2013:

Exercise Price		Number Outstanding	Weighted Average Remaining Contractual Life	Number Exercisable
$	1.10	1,342,500	10 Months	1,342,500
$	1.00	2,000,004	7 years	2,000,004

11. CONCENTRATIONS:

Revenues – The Company recorded revenues from United States companies in the following industries as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2013	2012	2013	2012
Apparel	$ 23,226	$ 59,388	$ 22,521	$ 61,182
Transportation	156,942	171,240	327,928	330,039
Staffing	18,965	17,798	30,571	46,545
Service	443,417	387,970	786,005	737,940
Other	60,962	76,353	139,074	79,539
Publishing	90	-	110	-
	$ 703,602	$ 712,749	$ 1,306,209	$ 1,255,245

Major Customers – For the three months ended June 30, 2013, the Company's largest customer by revenues was an IT Consulting Company which accounted for approximately 20.9% of its revenues. This customer sold its business in May 2013 and paid its obligations to the Company including a $75,000 early termination fee which is included in finance revenues for the three and six months ended June 30, 2013. This customer was also the Company's largest customer for the six months ended June 30, 2013, accounting for approximately 15.0% of its revenues.

For the three months and six months ended June 30, 2012, the Company did not have a customer that accounted for 10% or more of its revenues.

Client Accounts - As of June 30, 2013, we have two clients that account for an aggregate of approximately 29.9% of our accounts receivable portfolio and three clients that account for approximately 28.5% and 22.7% of our revenues for the three and six months ended June 30, 2013, respectively. The transactions and balances with these clients as of and for the three and six months ended June 30, 2013, respectively, are summarized below:

Entity	Percentage of Accounts Receivable Portfolio As of June 30, 2013	Percentage of Revenues for the Three Months Ended June 30, 2013	Percentage of Revenues for the Three Months Ended June 30, 2013
Food Service Company in Missouri (1)	17.6%	4.3%	6.0%
Apparel Company in Florida	12.3%	3.3%	1.7%
IT Consultant in Maryland	-	20.9%	15.0%
	29.9%	28.5%	22.7%

(1) Percentage calculation does not include $229,899 which is classified as "due from client" for this entity.

As of June 30,2013, the Company's total exposure, to these clients, is $2,820,073; however, except for the Food Service Company in Missouri, the majority of these balances have been collected subsequent to June 30, 2013. Subsequent to June 30, 2013, Anchor determined that the Food Service Company of Missouri had misdirected certain payments due to Anchor, therefore Anchor ceased funding, except as required under the bankruptcy proceedings subsequently mentioned. On August 8, 2013, the Food Service Company of Missouri filed Chapter 11 Bankruptcy. At the time of the bankruptcy filing, Anchor's total funding employed to the Food Service Company of Missouri was approximately $1,450,000. After considering the Chapter 11 bankruptcy filing, preliminary bankruptcy court rulings requiring additional funding to the Food Service Company of Missouri and Anchor's collateral position in the underlying receivables, Anchor decided to increase its allowance for doubtful accounts by $105,000. This estimate to increase the allowance for doubtful accounts could change as additional facts and circumstances become known by Anchor.

Cash – The Company places its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation (FDIC) provides coverage up to $250,000 per depositor at FDIC-insured depository institutions. During the six months ended June 30, 2013, the Company from time to time may have had amounts on deposit in excess of the insured limits.

12. SUPPLEMENTAL DISCLOSURES OF CASH FLOW:

Cash paid for interest to a financial institution was $213,414 and $220,854 for the six months ended June 30, 2013 and 2012, respectively.

Non-cash financing and investing activities consisted of the following:

For the three and six months ending June 30, 2013
None

For the three and six months ending June 30, 2012

None

13. INCOME TAXES:

As of December 31, 2012, the Company had approximately $3.6 million of net operating loss carryforwards ("NOL") for income tax purposes. The NOL's expire in various years from 2022 through 2025. The Company's use of operating loss carryforwards is subject to limitations imposed by the Internal Revenue Code. Management believes that the deferred tax assets as of June 30, 2013 do not satisfy the realization criteria and has recorded a valuation allowance for the entire net tax asset. By recording a valuation allowance for the entire amount of future tax benefits, the Company has not recognized a deferred tax benefit for income taxes in its statements of operations.

14. COMMITMENTS AND CONTINGENCIES:

Lease Commitments

The Company has lease agreements for office space in Charlotte, NC, Boca Raton, FL and Medley, Florida. All lease agreements are with unrelated parties.

The Company has two Charlotte leases for adjoining space that expire May 31, 2014. The monthly rent for the combined space is approximately $2,340.

Beginning November 1, 2009, the company entered into a 24 month lease for office space in Boca Raton, FL, and on November 1, 2011 renewed for another two years. The monthly rental is approximately $1,413.

The Company has a lease for office space in Medley, FL, which expires on May 12, 2014. The monthly rental is approximately $800.

The rental expense for the six months ended June 30, 2013 and 2012 was approximately $28,586 and $21,880 respectively.

Contingencies

We are not a party to any pending material legal proceedings except as described below. To our knowledge, no governmental authority is contemplating commencing a legal proceeding in which we would be named as a party.

On October 22, 2010, the Company filed a complaint in the Superior Court of Stamford/Norwalk, Connecticut against the Administrators of the Estate of David Harvey ("Harvey") to recoup a credit loss incurred by the Company's former subsidiary, Brookridge Funding Services, LLC. Harvey was the owner of a Company that caused the credit loss and the Company is pursuing its rights under the personal guarantee that Harvey provided. The Complaint is demanding principal of approximately $485,000 plus interest and damages.

15. SUBSEQUENT EVENTS

On August 1, 2013, the Company entered into a 39 month lease for additional office space in Boca Raton, FL to accommodate the FlexShopper business and its additional employees. The monthly rent is approximately $6,800.

On August 8, 2013, the Board modified M. Rubin's employment agreement and approved an annual salary of $125,000.

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

This discussion and analysis of our financial condition and results of operations should be read together with our consolidated financial statements and the related notes appearing at the end of our Form 10-K for the fiscal year ended December 31, 2012. Some of the information contained in this discussion and analysis or set forth elsewhere in this form 10-Q, including information with respect to our plans and strategy for our business and related financing, includes forward-looking statements that involve risks and uncertainties. The “Risk Factors” section of our Form 10-K for the fiscal year ended December 31, 2012 should be read for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

Executive Overview

One of our business objectives is to create a well-recognized, national financial services firm for small businesses providing accounts receivable funding (factoring), purchase order finance, outsourcing of accounts receivable management including collections and the risk of customer default and other specialty finance products including, but not limited to, trade finance and government contract funding. For certain service businesses, Anchor also provides back office support, including payroll and invoice processing services. We provide our services to clients nationwide. We plan to achieve our growth objectives through internal growth through a network of business development personnel and mass media marketing initiatives. Our principal operations are located in Charlotte, North Carolina and we maintain an executive office in Boca Raton, Florida, which includes its sales and marketing functions. We have a sales office in Medley, Florida which sells freight bill funding services to transportation companies under our TruckerFunds.com trade name.

In June 2013 we formed a wholly owned subsidiary of Anchor, FlexShopper, LLC, for the purpose of developing a business that will provide certain types of durable goods to consumers on a lease to own basis and also provide lease to own terms to consumers of third party retailers. The Company anticipates generating revenues from this new line of business later this year, while maintaining its existing business. Management believes that the introduction of FlexShopper’s LTO programs support broad untapped expansion opportunities within the U.S. consumer e-commerce and retail marketplaces. FlexShopper and its online LTO products will provide consumers the ability to acquire durable goods, including electronics, computers and furniture they need, on a low payment, lease basis. Concurrently, e-tailers and retailers that work with FlexShopper may substantially increase their sales by utilizing FlexShopper’s online channels to connect with consumers that want to acquire products on an LTO basis. One method currently in development by FlexShopper that connects retailers/e-tailers with these consumers is a patent pending system that enables consumers to buy products on an LTO basis using mobile devices and tablets. FlexShopper has been hiring employees to implement its business plan including a Chief Information Officer, Vice President of eCommerce and programmers. The Company anticipates additional expenses to develop this line of business of approximately $100,000 per month and potentially higher as the Company implements its programs and builds an infrastructure to support its revenues and business objectives.

Summary of Critical Accounting Policies

Management’s Discussion and Analysis of Financial Condition and Results of Operations discusses our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. On an on-going basis, management evaluates its estimates and judgments, including those related to credit provisions, intangible assets, contingencies, litigation and income taxes. Management bases its estimates and judgments on historical experience as well as various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. Management believes the following critical accounting policies, among others, reflect the more significant judgments and estimates used in the preparation of our financial statements.

Principles of Consolidation - The accompanying consolidated financial statements include the accounts of Anchor Funding Services, Inc. and, its wholly owned subsidiaries, Anchor Funding Services, LLC and FlexShopper, LLC.

Estimates – The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("US GAAP") requires management to make estimates 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. Actual results could differ from those estimates.

Revenue Recognition – The Company charges fees to its customers in one of two ways as follows:

1) **Fixed Transaction Fee.** Fixed transaction fees are a fixed percentage of the purchased invoice and purchase order advance. This percentage does not change from the date the purchased invoice is funded until the date the purchased invoice is collected.

2) **Variable Transaction Fee.** Variable transaction fees are variable based on the length of time the purchased invoice and purchase order advance is outstanding. As specified in its contract with the client, the Company charges variable increasing percentages of the purchased invoice or purchase order advance as time elapses from the purchase date to the collection date.

For both Fixed and Variable Transaction fees, the Company recognizes revenue by using one of two methods depending on the type of customer. For new customers the Company recognizes revenue using the cost recovery method. For established customers the Company recognizes revenue using the accrual method.

Under the cost recovery method, all revenue is recognized upon collection of the entire amount of purchased accounts receivable.

The Company considers new customers to be accounts whose initial funding has been within the last three months or less. Management believes it needs three months of history to reasonably estimate a customer's collection period and accrued revenues. If three months of history has a limited number of transactions, the cost recovery method will continue to be used until a reasonable revenue estimate can be made based on additional history. Once the Company obtains sufficient historical experience, it will begin using the accrual method to recognize revenue.

For established customers the Company uses the accrual method of accounting. The Company applies this method by multiplying the historical yield, for each customer, times the amount advanced on each purchased invoice outstanding for that customer, times the portion of a year that the advance is outstanding. The customers' historical yield is based on the Company's last six months of experience with the customer along with the Company's experience in the customer's industry, if applicable.

The amounts recorded as revenue under the accrual method described above are estimates. As purchased invoices and purchase order advances are collected, the Company records the appropriate adjustments to record the actual revenue earned on each purchased invoice and purchase order advance. Adjustments from the estimated revenue to the actual revenue have not been material.

Retained Interest in Purchased Accounts Receivable – Retained interest in purchased accounts receivable represents the gross amount of invoices purchased and advances on purchase orders from clients less amounts maintained in a reserve account. For factoring transactions, the Company purchases a customer's accounts receivable and advances them a percentage of the invoice total. The difference between the purchase price and amount advanced is maintained in a reserve account. The reserve account is used to offset any potential losses the Company may have related to the purchased accounts receivable. For purchase order transactions the company advances and pays for 100% of the product's cost.

The Company's factoring and security agreements with their customers include various recourse provisions requiring the customers to repurchase accounts receivable if certain conditions, as defined in the factoring and security agreement, are met.

Senior management reviews the status of uncollected purchased accounts receivable and purchase order advances monthly to determine if any are uncollectible. The Company has a security interest in the accounts receivable and inventory purchased and, on a case-by-case basis, may have additional collateral. The Company files security interests in the property securing their advances. Access to this collateral is dependent upon the laws and regulations in each state where the security interest is filed. Additionally, the Company has varying types of personal guarantees from their customers relating to the purchased accounts receivable and purchase order advances.

Management considered approximately $185,449 of their June 30, 2013 and December 31, 2012 retained interest in purchased accounts receivable to be uncollectible.

Management believes the fair value of the retained interest in purchased accounts receivable approximates its recorded value because of the relatively short-term nature of the purchased receivable and the fact that the majority of these invoices have been subsequently collected. As of June 30, 2013, accounts receivable purchased over 90 days old and still accruing fees totaled approximately $151,400.

Intangible Assets - Intangible assets are stated at cost less any accumulated amortization and any provision for impairment. Patent costs are amortized by using the straight line method over the shorter of their legal (20 years) or useful lives from the time they are first available for use.

Advertising Costs – The Company charges advertising costs to expense as incurred. Total advertising costs were approximately $86,000 and $67,400 for the quarters ended June 30, 2013 and 2012, respectively, and $151,700 and $135,700 for the six months ended June 30, 2013 and June 30, 2012, respectively.

Earnings per Share ("EPS") – Basic net income per share is computed by dividing the net income for the period by the weighted average number of common shares outstanding during the period. Dilutive earnings per share include the potential impact of dilutive securities, such as convertible preferred stock, stock options and stock warrants. The dilutive effect of stock options and warrants is computed using the treasury stock method, which assumes the repurchase of common shares at the average market price.

Under the treasury stock method, options and warrants will have a dilutive effect when the average price of common stock during the period exceeds the exercise price of options or warrants.

The following tables present a reconciliation of the components used to derive basic and diluted EPS for the periods indicated:

	2013			2012		
	(Numerator) Net Income (loss)	(Denominator) Weighted-Average Shares	Per Share Amount	(Numerator) Net Income	(Denominator) Weighted-Average Shares	Per Share Amount
Three Months Ended June 30,						
Basic EPS	$ (15,196)	18,634,369	$ 0.00	$ 168,600	17,763,618	$ 0.01
Effect of Dilutive Securities – Options and Convertible Preferred Stock	-	2,105,211	-	-	2,752,514	-
Diluted EPS	$ (15,196)	20,739,580	$ 0.00	$ 168,600	20,516,132	$ 0.01
Six Months Ended June 30,						
Basic EPS	$ 37,720	18,634,369	$ 0.00	$ 205,369	17,763,618	$ 0.01
Effect of Dilutive Securities – Options and Convertible Preferred Stock	-	2,075,837	-	-	2,752,514	-
Diluted EPS	$ 37,720	20,710,206	$ 0.00	$ 205,369	20,516,132	$ 0.01

Stock Based Compensation - The fair value of transactions in which the Company exchanges its equity instruments for employee services (share-based payment transactions) is recognized as an expense in the financial statements as services are performed.

Compensation expense is determined by reference to the fair value of an award on the date of grant and is amortized on a straight-line basis over the vesting period. We have elected to use the Black-Scholes-Merton (BSM) pricing model to determine the fair value of all stock option awards.

See Note 9 for the impact on the operating results for the three months and six months ended June 30, 2013 and 2012.

Fair Value of Financial Instruments – The carrying value of cash equivalents, retained interest in purchased accounts receivable, due to financial institution, accounts payable and accrued liabilities approximates their fair value.

Cash and Cash Equivalents – Cash and cash equivalents consist primarily of highly liquid cash investment funds with original maturities of three months or less when acquired.

Income Taxes – Effective January 31, 2007, the Company became a "C" corporation for income tax purposes. In a "C" corporation income taxes are provided for the tax effects of transactions reported in the consolidated financial statements plus deferred income taxes related to the differences between financial statement and taxable income.

The primary differences between financial statement and taxable income for the Company are as follows:

- Expenses related to the issuance of equity instruments
- Use of the reserve method of accounting for bad debts
- Net operating loss carryforwards.

The deferred tax asset represents the future tax return consequences of utilizing these items. Deferred tax assets are reduced by a valuation reserve, when management is uncertain if the net deferred tax assets will ever be realized.

The Company applied the provisions of ASC 740-10-50, “Accounting For Uncertainty In Income Taxes”, which provides clarification related to the process associated with accounting for uncertain tax positions recognized in our financial statements. The Company applied this guidance to all its tax positions, including tax positions taken and those expected to be taken, under the transition provision of the interpretation. For the three and six months ended June 30, 2013 and 2012, the Company concluded that it had no material uncertain tax positions.

The Company classifies interest accrued on unrecognized tax benefits with interest expense. Penalties accrued on unrecognized tax benefits are classified with operating expenses.

Results of Operations

Three Months Ended June 30, 2013 vs. Three Months Ended June 30, 2012

The following table compares the operating results for the three months ended June 30, 2013 and June 30, 2012:

	Three Months Ended June 30,			
	2013	2012	$ Change	% Change
Finance revenues	$ 703,602	$ 712,749	$ (9,147)	(1.3)
Interest expense, net and commissions	(108,032)	(147,609)	39,577	(26.8)
Net finance revenues	595,570	565,140	30,430	5.4
(Provision) recovery for credit losses	(105,000)	14,104	(119,104)	-
Finance revenues, net of interest expense and credit losses	490,570	579,244	(88,674)	(15.3)
Operating expenses	505,766	410,644	95,122	23.2
Net income (loss) before income taxes	(15,196)	168,600	(183,796)	(109.0)
Income tax (provision) benefit:	-	-	-	-
Net income (loss)	$ (15,196)	$ 168,600	$ (183,796)	(109.0)

Finance revenues decreased 1.3% for the three months ended June 30, 2013 to $703,602 compared to $712,749 for the comparable period of the prior year. The finance revenues for the three months ended June 30, 2013 also include a one-time fee of approximately $75,000 from a client for terminating its contract early. Excluding this fee, finance revenues decreased approximately 11.8% or $84,147. This decrease is primarily due to two large clients that terminated their relationships with the Company and satisfied their obligations to Anchor.

The Company had interest expense of $108,032 for the three months ended June 30, 2013 compared to interest expense of $147,609 for the three months ended June 30, 2012. The Company’s average borrowings were higher for the three months ended June 30, 2012 than for the three months ended June 30, 2013. This in addition to the Company incurring higher interest expense for borrowings under a participation arrangement and promissory notes payable for the three months ended June 30, 2012, resulted in a decrease in interest expense of $39,577.

The Company had a $185,000 provision for credit losses for the three months ended June 30, 2013 compared to a benefit for credit losses of $14,104 for the three months ended June 30, 2012. The increase in the provision for credit losses was the result of a client that filed for Chapter II bankruptcy subsequent to June 30, 2013.

Operating expenses for the three months ended June 30, 2013 were $505,766 compared to $410,644 for the three months ended June 30, 2012, a 23.2% or $95,122 increase. This increase is primarily the result of approximately $40,000 of additional compensation expense resulting from the issuance of stock options, $20,000 of additional operating expenses associated with FlexShopper, LLC and additional operating expenses associated with the sales office opened by the Company in Medley, Florida.

The Company’s net loss for the three months ended June 30, 2013 was $15,196 compared to net income of $168,600 for the three months ended June 30, 2012. The decrease in finance revenues combined with the increase in operating expenses and the increase in provision for credit losses resulted in a $183,796 decrease in net income for the three months ended June 30, 2013.

Six Months Ended June 30, 2013 vs. Six Months Ended June 30, 2012

The following table compares the operating results for the six months ended June 30, 2013 and June 30, 2012:

	2013	2012	$ Change	% Change
Finance revenues	$ 1,306,209	$ 1,255,245	$ 50,964	4.1
Interest expense, net and commissions	(210,413)	(237,932)	27,519	(11.6)
Net finance revenues	1,095,796	1,017,313	78,483	7.7
(Provision) recovery for credit losses	(105,000)	14,104	(119,104)	-
Finance revenues, net of interest expense and credit losses	990,796	1,031,417	(40,621)	(3.9)
Operating expenses	953,076	826,048	127,028	15.4
Net income before income taxes	37,720	205,369	(167,649)	(81.6)
Income tax (provision) benefit:	-	-	-	-
Net income	$ 37,720	$ 205,369	$ (167,649)	(81.6)

Finance revenues increased 4.1% for the six months ended June 30, 2013 to $1,306,209 compared to $1,255,245 for the comparable period of the prior year. The finance revenues for the six months ended June 30, 2013 also include a one-time fee of approximately $75,000 from a client for terminating its contract early. Excluding this fee, finance revenues decreased approximately 1.9% or $24,036. This decrease is primarily due to two large clients that terminated their relationships with the Company and satisfied their obligations to Anchor.

The Company had interest expense of $210,413 for the six months ended June 30, 2013 compared to interest expense of $237,932 for the six months ended June 30, 2012. The Company's average borrowings were higher for the six months ended June 30, 2012 than for the six months ended June 30, 2013. This in addition to the Company incurring higher interest expense for borrowings under a participation arrangement and promissory notes payable for the six months ended June 30, 2012, resulted in a decrease in interest expense of $27,915.

The Company had a $105,000 provision for credit losses for the six months ended June 30, 2013 compared to a benefit for credit losses of $14,104 for the six months ended June 30, 2012. The increase in the provision for credit losses was a result of a client that filed for Chapter II bankruptcy subsequent to June 30, 2013.

Operating expenses for the six months ended June 30, 2013 were $953,076 compared to $826,048 for the six months ended June 30, 2012, a 15.4% or $127,028 difference. This increase is primarily the result of approximately $40,000 of additional compensation expense resulting from the issuance of stock options, $20,000 of additional operating expenses associated with FlexShopper, LLC and additional operating expenses associated with the sales office opened by the Company in Medley, Florida.

The Company's net income for the three months ended June 30, 2013 was $37,720 compared to $205,369 for the six months ended June 30, 2012. The increase in finance revenues was offset by the increase in operating expenses and the increase in provision for credit losses and resulted in a $167,649 decrease in net income for the six months ended June 30, 2013.

FlexShopper

In June 2013 we formed a wholly owned subsidiary of Anchor, FlexShopper, LLC, for the purpose of developing a business that will provide certain types of durable goods to consumers on a lease to own basis and also provide lease to own terms to consumers of third party retailers. The Company anticipates generating revenues from this new line of business later this year, while maintaining its existing business. Management believes that the introduction of FlexShopper's LTO programs support broad untapped expansion opportunities within the U.S. consumer e-commerce and retail marketplaces. FlexShopper and its online LTO products will provide consumers the ability to acquire durable goods, including electronics, computers and furniture they need, on a low payment, lease basis. Concurrently, e-tailers and retailers that work with FlexShopper may substantially increase their sales by utilizing FlexShopper's online channels to connect with consumers that want to acquire products on an LTO basis. One method currently in development by FlexShopper that connects retailers/e-tailers with these consumers is a patent pending system that enables consumers to buy products on an LTO basis using mobile devices and tablets. FlexShopper has been hiring employees to implement its business plan including a Chief Information Officer, Vice President of eCommerce and programmers. The Company anticipates additional expenses to develop this line of business of approximately $100,000 per month and potentially higher as FlexShopper implements its programs and builds an infrastructure to support its revenues and business objectives. These additional expenses may cause the Company to incur losses. The Company intends to raise additional financing to support the business needs and potential initial operating losses of its new subsidiary, FlexShopper. No assurances can be given that the Company will be able to raise additional financing on terms satisfactory to us, if at all. See "Capital Resources".

Liquidity

Cash Flow Summary

Cash Flows from Operating Activities

Net cash used by operating activities was $278,089 for the six months ended June 30, 2013 and was primarily due to our net income for the period, a $105,000 increase in the allowance for uncollatible accounts and cash used by operating assets, primarily from an increase of $143,186 in purchased accounts receivable and $229,899 in due from client. Increases and decreases in prepaid expenses, accounts payable, accrued payroll and accrued expenses were primarily the result of timing of payments and receipts.

Net cash used by operating activities was $2,825,534 for the six months ended June 30, 2012 and was primarily due to our net income for the period and cash used by operating assets, primarily from an increase of $3,019,844 in purchased accounts receivable. Increases and decreases in prepaid expenses, accounts payable, accrued payroll and accrued expenses were primarily the result of timing of payments and receipts.

Cash Flows from Investing Activities

For the six months ended June 30, 2013 net cash used in investing activities was $33,584; $13,245 was used for the purchase of property and equipment and $20,339 was used on patent filings.

For the six months ended June 30, 2012, net cash used in investing activities was $4,194 for the purchase of property and equipment.

Cash Flows from Financing Activities

Net cash provided by financing activities was $446,856 for the six months ended June 30, 2013, and was due to proceeds from a financial institution.

Net cash provided by financing activities was $3,343,272 for the six months ended June 30, 2012, and was primarily due to proceeds of $2,259,543, $400,000 and $683,729 from a financial institution, promissory notes from related parties and a participant, respectively.

Capital Resources

We have the availability of a $10 million Rediscount Credit Facility with a Commercial Bank. The maximum amount that can be borrowed under the facility is $10 million and the Bank advances up to 80% of Anchor’s advances to its clients. The agreement’s anniversary date is November 30, 2013 and automatically renews each year for an additional year provided that the Company has not provided 60 days notice to the financial institution in advance of the anniversary date. This facility is secured by our assets, and contains certain standard covenants, representations and warranties for loans of this type. In the event that we fail to comply with the covenant(s) and the lender does not waive such non-compliance, we could be in default of our credit facility, which could subject us to penalty rates of interest and accelerate the maturity of the outstanding balances. The Credit Agreement contains standard representations, warranties and events of default for facilities of this type. Occurrences of an event of default under our credit facility allow the lender to accelerate the payment of the loans and/or terminate the commitments to lend, in addition to other legal remedies, including foreclosure on collateral. In the event we are not able to maintain adequate credit facilities for our factoring, purchase order financing and acquisition needs on commercially reasonable terms, our ability to operate our business and complete one or more acquisitions would be significantly impacted and our financial condition and results of operations could suffer. We can provide no assurances that replacement facilities will be obtained by us on terms satisfactory to us, if at all.

The Company intends to raise additional financing to support the business needs and initial operating losses of FlexShopper. Otherwise, based on our current cash position and our Credit Facilities, we believe we can meet our cash needs of Anchor Funding Services for the next 1 2 to 15 months and support our anticipated organic growth. In the event our FlexShopper business requires additional financing, the Company will seek to raise additional equity or debt financing to support these operations. No assurances can be given that such funding will be available to us on terms satisfactory to us, if at all.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, foreign currency exchange rates and commodity prices. Our primary exposure to market risk is interest rate risk associated with our short term money market investments. The Company does not have any financial instruments held for trading or other speculative purposes and does not invest in derivative financial instruments, interest rate swaps or other investments that alter interest rate exposure. The Company does not have any credit facilities with variable interest rates.

ITEM 4. CONTROLS AND PROCEDURES

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure based closely on the definition of "disclosure controls and procedures" in Rule 13a-15(e). In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. The Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and the Company's Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on the foregoing, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective at the reasonable assurance level at the end of our most recent quarter. There have been no changes in the Company's disclosure controls and procedures or in other factors that could affect the disclosure controls subsequent to the date the Company completed its evaluation. Therefore, no corrective actions were taken.

There were no changes in the Company’s internal controls over financial reporting during the most recently completed fiscal quarter that have materially affected or are reasonably likely to materially affect the Company’s internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS:

We are not a party to any pending material legal proceedings except as described below. To our knowledge, no governmental authority is contemplating commencing a legal proceeding in which we would be named as a party.

On October 22, 2010, the Company filed a complaint in the Superior Court of Stamford/Norwalk, Connecticut against the Administrators of the Estate of David Harvey ("Harvey") to recoup a credit loss incurred by the Company's former subsidiary, Brookridge Funding Services, LLC. Harvey was the owner of a Company that caused the credit loss and the Company is pursuing its rights under the personal guarantee that Harvey provided. The Complaint is demanding principal of approximately $485,000 plus interest and damages. During the six months ended June 30, 2013, there were no current developments involving the current legal proceeding.

Item 1A. RISK FACTORS:

As a Smaller Reporting Company as defined Rule 12b-2 of the Exchange Act and in item 10(f)(1) of Regulation S-K, we are electing scaled disclosure reporting obligations and therefore are not required to provide the information requested by this Item 1A. See the Company's risk factors disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2012.

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

(a) For the six months ended June 30, 2013, there were no sales of unregistered securities.

June 2013	Common Stock Options (1)	100,000	Securities granted under Equity Compensation Plan; no cash received; no commissions paid	Employees, Directors and/or Officers	Section 4(2) of the Securities Act of 1933 and/or Rule 506 promulgated thereunder

(1) Options are exercisable at $0.35 per share.
(b) Rule 463 of the Securities Act is not applicable to the Company.
(c) In the six months ended June 30, 2013, there were no repurchases by the Company of its Common Stock.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES:

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

ITEM 5. OTHER INFORMATION:

On August 1, 2013, the Company's OTC Bulletin Board symbol was changed from "AFNG" to "FPAY." "FPAY" denotes a "flexible way to pay." The Company intends to change its corporate name to FlexShopper, Inc., subject to stockholder approval. The Company has filed a trademark application with the United States Patent and Trademark Office.

Table of Contents

ITEM 6. EXHIBITS:

The following exhibits are all previously filed in connection with our Form 10-SB, as amended, unless otherwise noted.

2.1	Exchange Agreement
3.1	Certificate of Incorporation-BTHC,INC.
3.2	Certificate of Merger of BTHC XI, LLC into BTHC XI, Inc.
3.3	Certificate of Amendment
3.4	Designation of Rights and Preferences-Series 1 Convertible Preferred Stock
3.5	Amended and Restated By-laws
4.1	Form of Placement Agent Warrant issued to Fordham Financial Management
10.1	Directors' Compensation Agreement-George Rubin
10.2	Employment Contract-Morry F. Rubin
10.3	Employment Contract-Brad Bernstein
10.4	Agreement-Line of Credit
10.5	Fordham Financial Management-Consulting Agreement
10.6	Facilities Lease – Florida
10.7	Facilities Lease – North Carolina
10.8	Loan and Security Agreement (1)
10.9	Revolving Note (1)
10.10	Debt Subordination Agreement (1)
10.11	Guaranty Agreement (Morry Rubin) (1)
10.12	Guaranty Agreement (Brad Bernstein)(1)
10.13	Continuing Guaranty Agreement (1)
10.14	Pledge Agreement (1)
10.16	Asset Purchase Agreement between the Company and Brookridge Funding LLC (2)
10.17	Senior Credit Facility between the Company and MGM Funding LLC (2)
10.18	Senior Credit Facility Guarantee - Michael P. Hilton and John A. McNiff III (4)
10.19	Employment Agreement - Michael P. Hilton (4)
10.20	Employment Agreement - John A. McNiff (4)
10.21	Accounts Receivable Credit Facility with Greystone Commercial Services LP (3)
10.22	Memorandum of Understanding - Re: Rescission Agreement*
10.23	Rescission Agreement and Exhibits Thereto (5)
10.24	Termination Agreement by and between Brookridge Funding Services LLC and MGM Funding LLC.(5)
10.25	First Amendment to Factoring Agreement (6)
10.26	Promissory Note dated April 26, 2011 between Anchor Funding Services, Inc. and MGM Funding, LLC (7)
10.27	Rediscount Facility Agreement with TAB Bank (8)
10.28	Form of Validity Warranty to TAB Bank (8)
10.29	Amendment to Employment Agreement of Morry F. Rubin (10)
21.21	Subsidiaries of Registrant listing state of incorporation (4)
31.1	Rule 13a-14(a) Certification – Principal Executive Officer *
31.2	Rule 13a-14(a) Certification – Principal Financial Officer *
32.1	Section 1350 Certification – Principal Executive Officer *
32.2	Section 1350 Certification – Principal Financial Officer *
99.1	2007 Omnibus Equity Compensation Plan
99.2	Form of Non-Qualified Option under 2007 Omnibus Equity Compensation Plan
99.3	Amendment to 2007 Omnibus Equity Compensation Plan increasing the Plan to 4,200,000 shares (9)
99.4	Press Release –Second Quarter Results of Operations *
101.INS	XBRL Instance Document,XBRL Taxonomy Extension Schema *
101.SCH	Document, XBRL Taxonomy Extension *
101.CAL	Calculation Linkbase, XBRL Taxonomy Extension Definition *
101.DEF	Linkbase,XBRL Taxonomy Extension Labels *
101.LAB	Linkbase, XBRL Taxonomy Extension *
101.PRE	Presentation Linkbase *

* Filed herewith.

(1) Incorporated by reference to the Registrant's Form 8-K filed November 24, 2008 (date of earliest eventNovember 21, 2008).

(2) Incorporated by reference to the Registrant's Form 8-K filed December 8, 2009 (date of earliest event -December 4, 2009).

(3) Incorporated by reference to the Registrant's Form 8-K filed December 2, 2009 (date of earliest event -November 30, 2009).

(4) Incorporated by reference to the Registrant's Form 10-K for the fiscal year ended December 31, 2009.

(5) Incorporated by reference to the Registrant's Form 8-K filed October 12, 2010 (date of earliest event - October 6, 2010).

(6) Incorporated by reference to the Registrant's Form 10-K for the fiscal year ended December 31, 2010.

(7) Incorporated by reference to the Registrant's Form 8-K filed April 28, 2011 (date of earliest event - April 26, 2011).

(8) Incorporated by reference to the Registrant's Form 10-Q for the quarter ended September 30, 2011.

(9) Incorporated by reference to the Registrant's Form 10-K for the fiscal year ended December 31, 2011.

(10) Incorporated by reference to the Registrant's Form 10-K for the fiscal year ended December 31, 2012.

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.

ANCHOR FUNDING SERVICES, INC.

Date: August 14, 2013

By:/s/ Morry F. Rubin
Morry F. Rubin
Chief Executive Officer

Date: August 14, 2013

By:/s/ Brad Bernstein
Brad Bernstein
President and Chief Financial Officer

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Morry F. Rubin, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Anchor Funding Services, 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 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: August 14, 2013

By: /s/ **MORRY F. RUBIN**
Morry F. Rubin
Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Brad Bernstein, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Anchor Funding Services, 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 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: August 14, 2013

By: /s/ **BRAD BERNSTEIN**
Brad Bernstein
President and Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18U.S.C. SECTION 1350

In connection with the Quarterly Report of Anchor Funding Services, Inc. (the “Company”) on Form 10-Q for the period ending June 30, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Morry Rubin, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. ss.1350, as adopted pursuant to ss.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.

By: /s/ **MORRY F. RUBIN**
Morry F. Rubin
Chief Executive Officer
August 14, 2013

EXHIBIT 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18U.S.C. SECTION 1350

In connection with the Quarterly Report of Anchor Funding Services, Inc. (the "Company") on Form 10-Q for the period ending June 30, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Brad Bernstein, President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. ss.1350, as adopted pursuant to ss.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.

By: /s/ **BRAD BERNSTEIN**
Brad Bernstein,
President and Chief Financial Officer
August 14, 2013

Exhibit 99.4

Anchor Funding Services, Inc. reports second quarter net loss of $15,196 as compared to net income of $168,600 for the comparable period of the prior year. Anchor also reported net income of $37,720 for the six months ended June 30, 2013 as compared to $205,369 for the comparable period of the prior year.

Boca Raton, Fl. (PR Newswire) August 14, 2013 – Anchor Funding Services, Inc. (OTC Bulletin Board Symbol "FPAY") announced today its results of operations for the quarter ended June 30, 2013. Anchor reported 2013 second quarter finance revenues decreased slightly from $703,602 to $712,749 for the comparable period of the prior year. For the six months ended June 30, 2013, finance revenues were $1,306,209, an increase of approximately $51,000 or approximately 4.1% over the comparable period of the prior year.

The Company had interest expense of $108,032 for the three months ended June 30, 2013 as compared to interest expense of $147,609 for the comparable period of the prior year. The Company had interest expense of $210,413 for the six months ended June 30, 2013 as compared to interest expense of $237,932 for the comparable period of the prior year. The Company's borrowings in 2012 were higher than in 2013. This is in addition to the Company incurring higher interest expense for borrowings under a participation arrangement and promissory notes payable for the three and six months ended June 30, 2012 which resulted in a decrease in interest expense of $39,577 and $27,915, respectively.

For the three and six months ended June 30, 2013, the Company had a $105,000 provision for credit losses as compared to a benefit of $14,104 for the comparable periods of the prior year. The increase in provision for credit losses was the result of a client that filed for Chapter 11 bankruptcy subsequent to June 30, 2013.

Operating expenses for the three months ended June 30, 2013 were $505,766 as compared to $410,644 for the comparable period of the prior year, an increase of approximately $95,000 or 23.2%. Also, operating expenses for the six months ended June 30, 2013 were $953,076, an increase of $127,028 or 15.4% from the comparable period of the prior year. The increase in operating expenses was primarily the result of additional compensation of approximately $40,000 resulting from the issuance of stock options, approximately $20,000 of additional operating expenses associated with FlexShopper, LLC as discussed below, and additional operation expenses associated with the Company opening a new sales office in Medley, Florida.

The Company's net loss for the three months ended June 30, 2013 was $15,196 as compared to net income of $168,600 for the comparable period of the prior year. The decrease in finance revenues, combined with increase in operating expenses and the increase in provision for credit losses resulted in a $183,796 decrease in net income for the three months ended June 30, 2013. The Company's net income for the six months ended June 30, 2013 was $37,720 as compared to $205,369 for the six months ended June 30, 2012. The increase in finance revenues was offset by the increase in operating expenses and the increase in provision for credit losses and resulted in a $167,649 decrease in net income for the six months ended June 30, 2013.

Anchor purchased approximately $24 million of invoices during the second quarter of 2013 as compared to $28 million for the comparable period of the prior year. The Company also purchased approximately $48 million in invoices for the six months ended June 30, 2013 and 2012.

FlexShopper

In June 2013 Anchor formed a wholly owned subsidiary, namely, FlexShopper, LLC, for the purpose of developing a business that will provide certain types of durable goods to consumers on a lease to own basis and also provide lease to own terms to consumers of third party retailers. The Company anticipates generating revenues from this new line of business later this year, while maintaining its existing business. Management believes that the introduction of FlexShopper's LTO programs support broad untapped expansion opportunities within the U.S. consumer e-commerce and retail marketplaces. FlexShopper and its online LTO products will provide consumers the ability to acquire durable goods, including electronics, computers and furniture they need, on a low payment, lease basis. Concurrently, e-tailers and retailers that work with FlexShopper may substantially increase their sales by utilizing FlexShopper's online channels to connect with consumers that want to acquire products on an LTO basis. One method currently in development by FlexShopper that connects retailers/e-tailers with these consumers is a patent pending system that enables consumers to buy products on an LTO basis using mobile devices and tablets. FlexShopper has been hiring employees to implement its business plan including a Chief Information Officer, Vice President of eCommerce and programmers. The Company anticipates additional expenses to develop this line of business of approximately $100,000 per month and potentially higher as FlexShopper implements its programs and builds an infrastructure to support its revenues and business objectives. These additional expenses may cause the Company to incur losses. The Company intends to raise additional financing to support the business needs and potential initial operating losses of its new subsidiary, FlexShopper. No assurances can be given that the Company will be able to raise additional financing on terms satisfactory to us, if at all.

Morry F. Rubin, CEO, stated "While we continue to work to grow our national factoring portfolio, we are excited about the formation of FlexShopper and the diversification it provides Anchor with its lease to own programs that support broad untapped expansion opportunities within the US consumer e-commerce and retail marketplaces."

We are excited about our future expansion opportunities and will continue to communicate important developments as they occur.

About Anchor

Anchor provides innovative accounts receivable funding, purchase order financing, inventory funding and credit management services to small and mid-size U.S. businesses. Our funding program which is based upon creditworthiness of accounts receivable, provides rapid and flexible financing to support small businesses' daily working capital needs.

About FlexShopper

FlexShopper, LLC was formed for the purpose of developing a business that will provide certain types of durable goods to consumers on a lease to own basis and also provide lease to own terms to consumers of third party retailers.

Additional Information

For additional information, a copy of Anchor's Form 10-Q for the quarter ended June 30, 2013 can be obtained on the Internet by going to www.sec.gov, clicking "Search for Company filings," then clicking "Companies & Other Filers," typing in our company name and clicking "find Companies."

Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995.

Certain statements in this press release constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Anchor to be materially different from any future results, performances or achievements express or implied by such forward-looking statements. The forward-looking statements are subject to risks and uncertainties including, without limitation, changes in levels of competition, possible loss of customers, and Anchor's ability to attract and retain key personnel.

Contact Morry F. Rubin, Co-Chairman and C.E.O. 561-961-5000
Email: mrubin@anchorfundingservices.com