UNITED STATES 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 March 31, 2015

OR

☐ **TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____________ to ________________.

Commission file number: 000-55209

Algodon Wines & Luxury Development Group, Inc.
(Exact name of registrant as specified in its charter)

Delaware	52-2158952
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

135 Fifth Avenue, 10th Floor
New York, NY 10010
(Address of principal executive offices)

212-739-7677
(Registrant's telephone number, including area code)

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

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

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

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

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

As of May 15, 2015, there were 37,203,314 shares of Algodon Wines & Luxury Development Group, Inc. common stock, $0.01 par value issued and 37,198,903 outstanding.

ALGODON WINES & LUXURY DEVELOPMENT GROUP, INC.
AND SUBSIDIARIES
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ALGODON WINES & LUXURY DEVELOPMENT GROUP, INC.
AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2015 (unaudited)	December 31, 2014
Assets		
Current Assets		
Cash	$ 373,176	$ 442,725
Accounts receivables, net	329,088	292,840
Accounts receivables - related parties, net	258,425	265,111
Advances and loans to registered representatives, net	210,600	208,019
Inventory	1,538,512	1,487,166
Prepaid expenses and other current assets, net	420,393	454,996
Total Current Assets	3,130,194	3,150,857
Property and equipment, net	6,392,670	6,668,504
Prepaid foreign taxes, net	547,192	672,541
Investment - related parties	278,337	294,653
Deposits	42,166	42,269
Total Assets	$ 10,390,559	$ 10,828,824
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	$ 593,328	$ 719,997
Accrued expenses	2,502,715	2,655,791
Deferred revenue	1,287,761	1,229,029
Loans payable	100,000	100,000
Loan payable - related parties	50,000	-
Convertible debt obligations	337,500	337,500
Current portion of other liabilities	3,677	5,884
Total Current Liabilities	4,874,981	5,048,201
Other liabilities, non-current portion	70,854	-
Total Liabilities	4,945,835	5,048,201
Commitments and Contingencies		
Stockholders' Equity		
Series A convertible preferred stock, par value $0.01 per share; 11,000,000 shares authorized; 902,670 shares available for issuance; 0 shares issued and outstanding at March 31, 2015 and December 31, 2014	-	-
Common stock, par value $0.01 per share; 80,000,000 shares authorized; 36,509,512 and 35,745,831 shares issued and 36,505,101 and 35,741,420 shares outstanding as of March 31, 2015 and December 31, 2014, respectively	365,095	357,458
Additional paid-in capital	64,307,766	62,517,913
Accumulated other comprehensive loss	(7,842,475)	(7,770,214)
Accumulated deficit	(51,371,592)	(49,310,464)
Treasury stock, at cost, 4,411 shares at March 31, 2015 and December 31, 2014	(14,070)	(14,070)
Total Stockholders' Equity	5,444,724	5,780,623
Total Liabilities and Stockholders' Equity	$ 10,390,559	$ 10,828,824

See Notes to the Condensed Consolidated Financial Statements

ALGODON WINES & LUXURY DEVELOPMENT GROUP, INC.
AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	For the three months ended March 31, 2015	For the three months ended March 31, 2014
Sales	$ 571,963	$ 550,385
Cost of sales	(484,059)	(507,918)
Gross profit	87,904	42,467
Operating Expenses		
Selling and marketing	54,619	60,853
General and administrative	1,981,435	1,753,673
Depreciation and amortization	66,733	67,751
Total operating expenses	2,102,787	1,882,277
Loss from Operations	(2,014,883)	(1,839,810)
Other Expenses		
Interest expense, net	46,245	76,871
Loss on extinguishment of convertible debt	-	95,989
Total other expenses	46,245	172,860
Net Loss	(2,061,128)	(2,012,670)
Cumulative preferred stock dividends	-	(329,397)
Net Loss Attributable to Common Stockholders	$ (2,061,128)	$ (2,342,067)
Net Loss Per Share Attributable to Common Stockholders:		
Basic and Diluted	$ (0.06)	$ (0.10)
Weighted Average Number of Common Shares Outstanding:		
Basic and Diluted	35,987,149	23,858,264

See Notes to the Condensed Consolidated Financial Statements

ALGODON WINES & LUXURY DEVELOPMENT GROUP, INC.
AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(unaudited)

	For the three months ended March 31, 2015	For the three months ended March 31, 2014
Net Loss	$ (2,061,128)	$ (2,012,670)
Other Comprehensive Loss		
Foreign currency translation adjustments	(72,261)	(1,605,817)
Total Comprehensive Loss	$ (2,133,389)	$ (3,618,487)

See Notes to the Condensed Consolidated Financial Statements

ALGODON WINES & LUXURY DEVELOPMENT GROUP, INC.
AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2015
(unaudited)

	Common Stock		Treasury Stock		Additional Paid-In	Accumulated Other Comprehensive	Accumulated	Total Stockholders'
	Shares	Amount	Shares	Amount	Capital	Loss	Deficit	Equity
Balance -December 31, 2014	35,745,831	$357,458	4,411	$ (14,070)	$62,517,913	$ (7,770,214)	$ (49,310,464)	$ 5,780,623
Stock-based compensation:								
Options and warrants	-	-	-	-	270,128	-	-	270,128
Common stock issued for cash	763,681	7,637			1,519,725	-	-	1,527,362
Comprehensive loss:								
Net loss	-	-	-	-	-	-	(2,061,128)	(2,061,128)
Other comprehensive loss	-	-	-	-	-	(72,261)	-	(72,261)
Balance - March 31, 2015	36,509,512	$365,095	4,411	$ (14,070)	$64,307,766	$ (7,842,475)	$ (51,371,592)	$ 5,444,724

See Notes to the Condensed Consolidated Financial Statements

ALGODON WINES & LUXURY DEVELOPMENT GROUP, INC.
AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	For the three months ended March 31,	
	2015	**2014**
Cash Flows from Operating Activities		
Net loss	$ (2,061,128)	$ (2,012,670)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation	305,064	222,910
Net realized and unrealized investment losses	16,316	5,027
Depreciation and amortization	114,115	103,005
Provision for uncollectible assets	42,018	(192,503)
Prepaid compensation amortization	1,583	(7,329)
Loss on extinguishment of convertible debt	-	95,989
Decrease (increase) in assets:		
Accounts receivable	(96,091)	(190,930)
Inventory	(100,552)	(125,632)
Prepaid expenses and other current assets	128,005	42,748
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(267,019)	414,320
Deferred revenue	97,103	220,659
Other liabilities	69,773	(1,449)
Total Adjustments	310,315	586,815
Net Cash Used in Operating Activities	(1,750,813)	(1,425,855)
Cash Used in Investing Activities		
Purchase of property and equipment	(46,603)	(104,340)
Net Cash Used in Investing Activities	(46,603)	(104,340)
Cash Provided by Financing Activities		
Proceeds from issuance of loans payable	50,000	200,000
Repayments of loans payable	-	(51,888)
Repayments of convertible debt obligations	-	(4,000)
Proceeds from common stock offering	1,527,362	-
Proceeds from preferred stock offering	-	1,526,682
Proceeds from the exercise of stock options	-	49,959
Net Cash Provided by Financing Activities	1,577,362	1,720,753
Effect of Exchange Rate Changes on Cash	150,505	101,080
Net (Decrease) Increase in Cash	(69,549)	291,638
Cash - Beginning of Year	442,725	207,418
Cash - End of Period	$ 373,176	$ 499,056

See Notes to the Condensed Consolidated Financial Statements

ALGODON WINES & LUXURY DEVELOPMENT GROUP, INC.
AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	For the three months ended March 31,	
	2015	**2014**
Supplemental Disclosures of Cash Flow Information:		
Interest paid	$ 38,145	$ 19,522
Income taxes paid	$ 20,025	$ 20,818
Non-Cash Investing and Financing Activity		
Issuance of preferred stock previously subscribed	$ -	$ 789,800
Debt and interest converted to equity	$ -	$ 378,379
Common stock issued to settle operational expenses	$ -	$ 23,591
Accrued stock based compensation converted to equity	$ -	$ 48,272

See Notes to the Condensed Consolidated Financial Statements

ALGODON WINES & LUXURY DEVELOPMENT GROUP, INC.
AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. ORGANIZATION

Through its wholly-owned subsidiaries, Algodon Wines & Luxury Development Group, Inc. (the "Company", "Algodon Partners", "AWLD"), a Delaware corporation that was incorporated on April 5, 1999, currently invests in, develops and operates international real estate projects. The Company's wholly-owned subsidiaries are InvestProperty Group, LLC, Algodon Global Properties, LLC, DPEC Capital, Inc. ("CAP"), and Algodon Europe, Ltd. AWLD also owns approximately 96.5% of Mercari Communications Group, Ltd. ("Mercari"), a public shell corporation that is current in its SEC reporting obligations and is a ready target for merger or sale. Mercari is a consolidated subsidiary of the Company and the noncontrolling interest is negligible.

2. GOING CONCERN AND MANAGEMENT'S LIQUIDITY PLANS

The accompanying condensed consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The condensed consolidated financial statements do not include any adjustments relating to the recoverability and classification of asset amounts or the classification of liabilities that might be necessary should the Company be unable to continue as a going concern. The Company incurred losses of $2,061,128 and $2,012,670 during the three months ended March 31, 2015 and 2014, respectively. Cash used in operating activities was $1,750,813 and $1,425,855 for the three months ended March 31, 2015 and 2014, respectively. The aforementioned factors raise substantial doubt about the Company's ability to continue as a going concern.

The Company needs to raise additional capital in order to expand its business objectives. The Company funded its operations for the three months ended March 31, 2015 primarily through a private placement offering of common stock for proceeds of $1,527,362. The Company presently has only enough cash on hand to sustain its operations on a month to month basis. Historically, the Company has been successful in raising funds to support our capital needs. Management believes that it will be successful in obtaining additional financing; however, no assurance can be provided that the Company will be able to do so. There is no assurance that these funds will be sufficient to enable the Company to attain profitable operations or continue as a going concern. To the extent that the Company is unsuccessful and notwithstanding any request the Company may make, if the Company's debt holders do not agree to convert their notes into equity or extend the maturity dates of their notes, the Company may need to curtail its operations and implement a plan to extend payables and reduce overhead until sufficient additional capital is raised to support further operations. There can be no assurance that such a plan will be successful. Such a plan could have a material adverse effect on the Company's business, financial condition and results of operations, and ultimately the Company could be forced to discontinue its operations, liquidate and/or seek reorganization in bankruptcy. These condensed consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information. Accordingly, they do not include all of the information and disclosures required by accounting principles generally accepted in the United States of America for annual financial statements. In the opinion of management, such statements include all adjustments (consisting only of normal recurring items) which are considered necessary for a fair presentation of the unaudited condensed consolidated financial statements of the Company as of March 31, 2015, and for the three months ended March 31, 2015 and 2014. The results of operations for the three months ended March 31, 2015 are not necessarily indicative of the operating results for the full year. It is suggested that these unaudited condensed consolidated financial statements be read in conjunction with the consolidated financial statements and notes thereto included in the Company's annual report on Form 10-K for the year ended December 31, 2014, filed with the Securities and Exchange Commission ("SEC") on March 31, 2015. The condensed consolidated balance sheet as of December 31, 2014 has been derived from the Company's audited consolidated financial statements.

Use of Estimates

To prepare financial statements in conformity with accounting principles generally accepted in the United States of America, the Company must make estimates and assumptions. These estimates and assumptions affect the reported amounts in the financial statements, and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The significant estimates and related assumptions made by the Company relate to the valuation of equity instruments, the useful lives of property and equipment and reserves associated with the realizability of certain assets.

Segment Information

The FASB has established standards for reporting information on operating segments of an enterprise in interim and annual financial statements. The Company operates in one segment which is the business of real estate development in Argentina. The Company's chief operating decision-maker reviews the Company's operating results on an aggregate basis and manages the Company's operations as a single operating segment. Certain activities of the Company such as the U.S. Broker Dealer Operations, are considered a service or support division to the Company, by providing capital raising efforts, substantially to support the AWLD real estate development activities, and are not considered a business for segment purposes.

Reclassifications

Certain prior year balances have been reclassified in order to conform to current year presentation. These reclassifications have no effect on previously reported results of operations or loss per share.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Foreign Currency Translation

The Company's functional and reporting currency is the United States dollar. The functional currencies of the Company's operating subsidiaries are their local currencies (United States dollar, Argentine peso and British pound). There has been a steady devaluation of the Argentine peso relative to the United States dollar in recent years. Assets and liabilities are translated into U.S. dollars at the balance sheet data (8.8179 and 8.5411 at March 31, 2015 and December 31, 2014, respectively) and revenue and expense accounts are translated at a weighted average exchange rate for the period or for the year then ended (8.6799 and 7.5736 for the three months ended March 31, 2015 and 2014, respectively). Resulting translation adjustments are made directly to accumulated other comprehensive income. The Company engages in foreign currency denominated transactions with customers and suppliers, as well as between subsidiaries with different functional currencies.

A highly inflationary economy is defined as an economy with a cumulative inflation rate of approximately 100 percent or more over a three-year period. If a country's economy is classified as highly inflationary, the functional currency of the foreign entity operating in that country must be remeasured to the functional currency of the reporting entity. The official cumulative inflation rate for Argentina over the last three years approximated 44%, although the International Monetary Fund has concerns regarding the accuracy of the official data.

Property and Equipment

Investments in property and equipment are recorded at cost. These assets are depreciated using the straight-line method over their estimated useful lives. Most of the Company's assets are located in Argentina and are subject to variation as a result of foreign currency translation.

The Company capitalizes internal vineyard improvement costs when developing new vineyards or replacing or improving existing vineyards. These costs consist primarily of the costs of the vines and expenditures related to labor and materials to prepare the land and construct vine trellises. Expenditures for repairs and maintenance are charged to operating expense as incurred. The cost of properties sold or otherwise disposed of and the related accumulated depreciation are eliminated from the accounts at the time of disposal and resulting gains and losses are included as a component of operating income. Real estate development consists of costs incurred to ready the land for sale, including primarily costs of infrastructure as well as master plan development and associated professional fees. Given that they are not currently in service, the assets are currently not being depreciated.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Stock-Based Compensation

The Company measures the cost of services received in exchange for an award of equity instruments based on the fair value of the award. For employees and directors, the fair value of the award is measured on the grant date and for non-employees, the fair value of the award is generally re-measured on financial reporting dates and vesting dates until the service period is complete. The fair value amount of the shares expected to ultimately vest is then recognized over the period services are required to be provided in exchange for the award, usually the vesting period. The estimation of stock-based awards that will ultimately vest requires judgment, and to the extent actual results or updated estimates differ from original estimates, such amounts are recorded as a cumulative adjustment in the period estimates are revised. The Company considers many factors when estimating expected forfeitures, including types of awards, employee class, and historical experience.

Concentrations

The Company maintains cash with major financial institutions. Cash held in US bank institutions is currently insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000 at each institution. No similar insurance or guarantee exists for cash held in Argentina bank accounts. There were aggregate uninsured cash balances of $146,979 and $135,098 at March 31, 2015 and December 31, 2014, respectively.

Comprehensive Income (Loss)

Comprehensive income is defined as the change in equity of a business during a period from transactions and other events and circumstances from non-owner sources. It includes all changes in equity during a period except those resulting from investments by owners and distributions to owners. The guidance requires other comprehensive income (loss) to include foreign currency translation adjustments.

Revenue Recognition

The Company earns revenues from its real estate, hospitality, food & beverage, broker-dealer and other related services. Revenues from rooms, food and beverage, and other operating departments are recognized as earned at the time of sale or rendering of service. Cash received in advance of the sale or rendering of services is recorded as advance deposits or deferred revenue on the condensed consolidated balance sheets. Deferred revenues associated with real estate lot sale deposits are recognized as revenues (along with any outstanding balance) when the lot sale closes and the deed is provided to the purchaser. Other deferred revenues primarily consist of deposits accepted by the Company in connection with agreements to sell barrels of wine. These wine barrel deposits are recognized as revenues (along with any outstanding balance) when the barrel of wine is shipped to the purchaser. Sales taxes and value added ("VAT") taxes collected from customers and remitted to governmental authorities are presented on a net basis within revenues in the condensed consolidated statements of operations.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Net Loss per Common Share

Basic loss per common share is computed by dividing net loss attributable to common stockholders by the weighted average number of common shares outstanding during the period. Diluted loss per common share is computed by dividing net loss attributable to common stockholders by the weighted average number of common shares outstanding, plus the impact of common shares, if dilutive, resulting from the exercise of outstanding stock options and warrants and the conversion of convertible instruments.

The following securities are excluded from the calculation of weighted average dilutive common shares because their inclusion would have been anti-dilutive:

	March 31,	
	2015	2014
Options	7,214,340	5,731,882
Warrants	1,122,674	943,660
Convertible instruments	263,993	8,270,451
Total potentially dilutive shares	8,601,007	14,945,993

New Accounting Pronouncements

The Company has implemented all new accounting standards that are in effect and may impact its condensed consolidated financial statements and does not believe that there are any other new accounting standards that have been issued that might have a material impact on its financial position or results of operations.

4. INVENTORY

Inventory at March 31, 2015 and December 31, 2014 is comprised of the following:

	March 31, 2015	December 31, 2014
Vineyard in process	$ 309,561	$ 247,234
Wine in process	1,023,708	990,923
Finished wine	102,936	118,869
Other	102,307	130,140
	$ 1,538,512	$ 1,487,166

5. NET CAPITAL REQUIREMENTS

The Company's subsidiary, CAP, as a registered broker-dealer, is subject to the SEC's Uniform Net Capital Rule 15c3-1 that requires the maintenance of minimum net capital. This requires that CAP maintain minimum net capital of $5,000 and requires that the ratio of aggregate indebtedness, as defined, to net capital, shall not exceed 15 to 1.

As of March 31, 2015 and December 31, 2014, CAP's net capital exceeded the requirement by $3,234 and $12,860, respectively.

The Company had a percentage of aggregate indebtedness to net capital of approximately 926% and 432% as of March 31, 2015 and December 31, 2014, respectively.

Advances, dividend payments and other equity withdrawals are restricted by the regulations of the SEC, and other regulatory agencies are subject to certain notification and other provisions of the net capital rules of the SEC. The Company qualifies under the exemptive provisions of Rule 15c3-3 as the Company does not carry security accounts for customers or perform custodial functions related to customer securities.

6. INVESTMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Company often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or developed by the Company. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value are classified and disclosed in one of the following three categories:

Level 1 - Valued based on quoted prices at the measurement date for identical assets or liabilities trading in active markets. Financial instruments in this category generally include actively traded equity securities.

Level 2 - Valued based on (a) quoted prices for similar assets or liabilities in active markets; (b) quoted prices for identical or similar assets or liabilities in markets that are not active; (c) inputs other than quoted prices that are observable for the asset or liability; or (d) from market corroborated inputs. Financial instruments in this category include certain corporate equities that are not actively traded or are otherwise restricted.

Level 3 - Valued based on valuation techniques in which one or more significant inputs is not readily observable. Included in this category are certain corporate debt instruments, certain private equity investments, and certain commitments and guarantees.

6. INVESTMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS, continued

Investments – Related Parties at Fair Value

As of March 31, 2015	**Level 1**	**Level 2**	**Level 3**	**Total**
Warrants - Affiliates	-	-	$ 278,337	$ 278,337

As of December 31, 2014	**Level 1**	**Level 2**	**Level 3**	**Total**
Warrants - Affiliates	-	-	$ 294,653	$ 294,653

A reconciliation of Level 3 assets is as follows:

	Warrants
Balance - December 31, 2014	$ 294,653
Received	-
Allocated to employees as compensation	-
Unrealized loss	(16,316)
Balance - March 31, 2015	$ 278,337

	March 31, 2015	**December 31, 2014**
Accumulated Unrealized Gains Related to Investments at Fair Value	$ 98,381	$ 114,188

It is the Company's policy to distribute part or all of the warrants CAP earns through serving as placement agent on various private placement offerings for a related but independent entity under common management, to registered representatives or other employees who provided investment banking services. There was no compensation expense (fair value) recorded related to these distributed warrants for three months ended March 31, 2015 or 2014. Warrants retained by the Company's broker-dealer subsidiary are marked to market at each reporting date using the Black-Scholes option pricing model. Unrealized losses on affiliate warrants of $16,316 recorded during the quarter ended March 31, 2015 are included in revenues on the accompanying condensed consolidated statements of operations.

The fair value of the warrants was determined based on the Black-Scholes option pricing model, which requires the input of highly subjective assumptions, including the expected share price volatility. Given that such shares were not publicly-traded, the Company developed an expected volatility figure based on a review of the historical volatilities, over a period of time, of similarly positioned public companies within the industry.

6. INVESTMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS, continued

The Company's short term financial instruments include cash, accounts receivable, advances and loans to registered representatives, accounts payable, accrued expenses, deferred revenue and other current liabilities, each of which approximate their fair values based upon their short term nature. The Company's other financial instruments include loans payable and convertible debt obligations. The carrying value of these instruments approximate fair value, as they bear terms and conditions comparable to market, for obligations with similar terms and maturities.

7. ACCRUED EXPENSES

Accrued expenses are comprised of the following:

	March 31, 2015	December 31, 2014
Accrued compensation	$ 1,742,092	$ 1,870,082
Accrued taxes payable	406,540	320,343
Accrued interest	305,649	321,729
Other accrued expenses	48,434	143,637
Total	$ 2,502,715	$ 2,655,791

8. CONVERTIBLE DEBT OBLIGATIONS

Convertible notes consist of the following:

	March 31, 2015			December 31, 2014		
	Principal	Interest [1]	Total	Principal	Interest [1]	Total
8% convertible notes	$ 287,500	$ 198,247	$ 485,747	$ 287,500	$ 188,988	$ 476,488
12.5% convertible notes	50,000	27,628	77,628	50,000	25,433	75,433
Total	$ 337,500	$ 225,875	$ 563,375	$ 337,500	$ 214,421	$ 551,921

[1] Accrued interest is included as a component of accrued expenses on the condensed consolidated balance sheets.

During the three months ended March 31, 2015 and 2014, the Company accrued $11,454 and $53,791, respectively, in connection with its convertible notes.

9. LOANS PAYABLE

Loans payable to independent lenders of $100,000 at March 31, 2015 and December 31, 2014 consists of a note payable to a single lender. The note is dated March 7, 2014, bears interest at 8% per annum and is payable on demand. As of March 31, 2015, and December 31, 2014, the Company has accrued interest of $10,657 and $8,192 related to this note, respectively.

10. RELATED PARTY TRANSACTIONS

Assets

Accounts receivable – related parties of $258,425 and $265,111 at March 31, 2015 and December 31, 2014, respectively, represents the net realizable value of advances made to related, but independent, entities under common management.

Investments

See Note 6 – Investments and fair value of financial instruments, for information related to investments in related parties.

Liabilities

Loan payable to related parties of $50,000 at March 31, 2015 represents a short term loan received from a related, but independent, entity under common management.

Expense Sharing

On April 1, 2010, the Company entered into an agreement with a related, but independent, entity under common management, to share expenses such as office space, support staff and other operating expenses. General and administrative expenses were reduced by $45,927 and $41,273 during the three months ended March 31, 2015 and 2014, respectively.

The Company has an expense sharing agreement with a related, but independent entity to share expenses such as office space and other clerical services. The owners of more than 5% of that entity include (i) AWLD's chairman, and (ii) a more than 5% owner of AWLD. The entity owed $393,502 and $389,512 to the Company under the expense sharing agreement as of March 31, 2015 and December 31, 2014, respectively, of which $343,000 and $289,000, respectively, is deemed unrecoverable and written off.

Other Relationships

An investor and a greater than 5% stockholder of the Company is affiliated with the Company that imports wines for AWE to the United States.

11. BENEFIT CONTRIBUTION PLAN

The Company sponsors a 401(k) profit-sharing plan ("401(k) Plan") that covers substantially all of its employees in the United States. The 401(k) Plan provides for a discretionary annual contribution, which is allocated in proportion to compensation. In addition, each participant may elect to contribute to the 401(k) Plan by way of a salary deduction.

A participant is always fully vested in their account, including the Company's contribution. For three months ended March 31, 2015 and 2014, the Company recorded a charge associated with its contribution of $34,936 and $11,865, respectively. This charge has been included as a component of general and administrative expenses in the accompanying condensed consolidated statements of operations.

12. STOCKHOLDERS' EQUITY

Common Stock

During the quarter ended March 31, 2015, the Company issued 763,681 shares of common stock at $2.00 per share for cash proceeds of $1,527,362.

Accumulated Other Comprehensive Loss

For three months ended March 31, 2015 and 2014, the Company recorded $72,261 and $1,605,817, respectively, of foreign currency translation adjustment as accumulated other comprehensive loss.

Warrants

During the three months ended March 31, 2015, in connection with the sale of its equity securities, the Company issued five-year warrants to its subsidiary CAP, who acted as placement agent, to purchase 53,000 shares of its common stock at $2.00 per share. Similarly, during the three months ended March 31, 2014 the Company issued five-year warrants for the purchase of 99,994 shares of Series A Preferred at an exercise price of $2.30 per share to CAP. CAP, in turn, awarded such warrants to its registered representatives and recorded $37,392 and $86,695, of stock-based compensation expense for three months ended March 31, 2015 and 2014, respectively, within general and administrative expense in the condensed consolidated statements of operations.

12. STOCKHOLDERS' EQUITY, continued

A summary of warrants activity during three months ended March 31, 2015 is presented below:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Life In Years	Intrinsic Value
Outstanding, December 31, 2014	1,069,674	$ 2.26		
Issued	53,000	$ 2.00		
Exercised	-	-		
Expired	-	-		
Outstanding, March 31, 2015	1,122,674	$ 2.26	3.3	$ 18,913
Exercisable, March 31, 2015	1,122,674	$ 2.26	3.3	$ 18,913

A summary of outstanding and exercisable warrants as of March 31, 2015 is presented below:

	Warrants Outstanding		Warrants Exercisable	
Exercise Price	Exercisable Into	Outstanding Number of Warrants	Weighted Average Remaining Life In Years	Exercisable Number of Warrants
$ 1.59	Common Stock	46,130	0.3	46,130
$ 2.30	Preferred Stock	973,544	3.3	973,544
$ 2.00	Common Stock	103,000	4.9	103,000
	Total	1,122,674	3.3	1,122,674

12. STOCKHOLDERS' EQUITY, continued

Stock Options

The Company has computed the fair value of options granted using the Black-Scholes option pricing model. There is currently no public trading market for the shares of AWLD common stock underlying the Company's 2008 Equity Incentive Plan (the "2008 Plan"). Accordingly, the fair value of the AWLD common stock was estimated by management based on observations of the cash sales prices of AWLD equity securities. Forfeitures are estimated at the time of valuation and reduce expense ratably over the vesting period. This estimate will be adjusted periodically based on the extent to which actual forfeitures differ, or are expected to differ, from the previous estimate, when it is material. The expected term of options granted to consultants represents the contractual term, whereas the expected term of options granted to employees and directors was estimated based upon the "simplified" method for "plain-vanilla" options. Given that the Company's shares are not publicly traded, the Company developed an expected volatility figure based on a review of the historical volatilities, over a period of time, of similarly positioned public companies within its industry. The risk-free interest rate was determined from the implied yields from U.S. Treasury zero-coupon bonds with a remaining term consistent with the expected term of the options. The Company estimated forfeitures related to options at an annual rate of 5% for options outstanding at March 31, 2015.

There were no stock options granted during the three months ended March 31, 2015 and 2014.

During the three months ended March 31, 2015 and 2014, the Company recorded stock-based compensation expense of $232,736 and $136,215, respectively, related to stock option grants, which is reflected as general and administrative expenses in the condensed consolidated statements of operations. As of March 31, 2015, there was $1,269,315 of unrecognized stock-based compensation expense related to stock option grants that will be amortized over a weighted average period of 3.2 years, of which $254,861 of unrecognized expense is subject to non-employee mark-to-market adjustments

A summary of options activity during the three months ended March 31, 2015 is presented below:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Life (in years)	Intrinsic Value
Outstanding, December 31, 2014	7,806,836	$ 2.85		
Granted	-	-		
Exercised	-	-		
Expired	(592,496)	1.96		
Forfeited	-	-		
Outstanding, March 31, 2015	7,214,340	$ 2.92	3.1	$ -
Exercisable, March 31, 2015	4,416,740	$ 3.13	2.4	$ -

12. STOCKHOLDERS' EQUITY, continued

The following table presents information related to stock options at March 31, 2015:

	Options Outstanding		Options Exercisable		
Range of Exercise Price	Weighted Average Exercise Price	Outstanding Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Life In Years	Exercisable Number of Options
\$2.48 - \$2.50	\$ 2.48	5,279,000	\$ 2.48	3.2	2,692,500
\$2.51 - \$3.50	\$ 2.72	40,711	\$ 3.16	2.0	40,711
\$3.51 - \$4.50	\$ 3.85	1,859,000	\$ 3.85	1.3	1,647,900
\$4.51 - \$9.50	\$ 8.03	19,868	\$ 8.03	0.1	19,868
\$9.51 - \$41.78	\$ 33.94	15,761	\$ 33.94	0.1	15,761
\$2.48 - \$41.78	\$ 2.92	7,214,340	\$ 3.13	2.4	4,416,740

13. COMMITMENTS AND CONTINGENCIES

Legal Matters

The Company is involved in litigation and arbitrations from time to time in the ordinary course of business. The Company does not believe that the outcome of any such pending or threatened litigation will have a material adverse effect on its financial condition or results of operations. However, as is inherent in legal proceedings, there is a risk that an unpredictable decision adverse to the company could be reached. The Company records legal costs associated with loss contingencies as incurred. Settlements are accrued when, and if, they become probable and estimable.

Regulatory Matters

In December 2007, the FINRA Office of Hearing Officers ("OHO") held that Mr. Mathis negligently failed to make certain disclosures on his Form U4 to reflect the filing of certain personal federal tax liens. (All of the underlying tax liabilities were paid in full by Mr. Mathis in 2003 and the liens were released in 2003.) After several appeals regarding the willfulness finding, Mr. Mathis served a suspension, which was completed on September 4, 2012, and all fines have been paid.

Under applicable FINRA rules, the finding that Mr. Mathis acted willfully subjected him to a "statutory disqualification" would have prevented him from working in the securities industry. In accordance with FINRA rules, Mr. Mathis filed Form MC-400 with FINRA in September 2012, requesting that he be permitted to continue to work in the securities industry and in October 2014, FINRA's Member Regulation Department recommended approval of the MC-400 application. On April 30, 2015, FINRA's National Adjudicatory Council (NAC) agreed with the recommendation of Member Regulation and further approved the application so that Mr. Mathis can continue to work in the securities industry. That approval becomes automatically effective thirty days thereafter, unless the Securities and Exchange Commission determines that it should review the NAC decision.

13. COMMITMENTS AND CONTINGENCIES, continued

Commitments

The Company leases office space in New York City under an operating lease which expires on August 31, 2015. Rent expense for this property was $37,439 and $32,292 for the three ended March 31, 2015 and 2014, respectively, net of expense allocation to affiliates.

14. SUBSEQUENT EVENTS

Management has evaluated all subsequent events to determine if events or transactions occurring through the date the condensed consolidated financial statements were issued, require adjustment to or disclosure in the condensed consolidated financial statements.

Equity Transactions

During the period from April 1, 2015 through May 15, 2015 the Company sold 693,802 shares of its common stock for cash proceeds of $1,387,604.

Foreign Currency Exchange Rates

The Argentine peso to United States dollar exchange rate was 8.9242, 8.8179 and 8.5411 at May 12, 2015, March 31, 2015 and December 31, 2014, respectively.

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

The following discussion should be read in conjunction with our unaudited condensed consolidated financial statements and notes thereto included herein. In connection with, and because we desire to take advantage of, the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, we caution readers regarding certain forward looking statements in the following discussion and elsewhere in this report and in any other statement made by, or on our behalf, whether or not in future filings with the Securities and Exchange Commission. Forward-looking statements are statements not based on historical information and which relate to future operations, strategies, financial results or other developments. Forward looking statements are necessarily based upon estimates and assumptions that are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control and many of which, with respect to future business decisions, are subject to change. These uncertainties and contingencies can affect actual results and could cause actual results to differ materially from those expressed in any forward looking statements made by, or on our behalf. Words such as "anticipate," "estimate," "plan," "continuing," "ongoing," "expect," "believe," "intend," "may," "will," "should," "could," and similar expressions are used to identify forward-looking statements. We disclaim any obligation to update forward-looking statements.

The independent registered public accounting firm's report on the Company's financial statements as of December 31, 2014, and for each of the years in the two-year period then ended, includes a "going concern" explanatory paragraph, that describes substantial doubt about the Company's ability to continue as a going concern.

Unless the context requires otherwise, references in this document to "AWLD", "we", "our", "us" or the "Company" are to Algodon Wines & Luxury Development Group, Inc. and its subsidiaries.

Overview

We are an integrated, lifestyle related real estate development company, capitalizing on our unique brand of affordable luxury, branded as "Algodon", to create a diverse set of interrelated products and services. Our wines, hotels and real estate ventures, currently concentrated in Argentina, offer a blend of high-end, luxury and adventures products. We hope to further broaden the reach and depth of our services to strengthen and cement the reach of our brand. Ultimately, we intend to further expand and grow our business by combining unique and promising opportunities with our brand and clientele.

Through our subsidiaries, we currently operate Algodon Mansion, a Buenos Aires-based luxury boutique hotel property and we have redeveloped, expanded and repositioned a winery and golf resort property called Algodon Wine Estates for subdivision of a portion of this property for residential development.

Investment in foreign real estate requires consideration of certain risks typically not associated with investing in the United States. Such risks include, trade balances and imbalances and related economic policies, unfavorable currency exchange rate fluctuations, imposition of exchange control regulation by the United States or foreign governments, United States and foreign withholding taxes, limitations on the removal of funds or other assets, policies of governments with respect to possible nationalization of their industries, political difficulties, including expropriation of assets, confiscatory taxation and economic or political instability in foreign nations or changes in laws which affect foreign investors.

Recent Developments and Trends

Financings

During the three months ended March 31, 2015, we raised, net of repayments, approximately $1.6 million of new capital through the issuance of debt and equity, consisting primarily of proceeds from the issuance of common stock for cash.

Initiatives

We have implemented a number of initiatives designed to expand revenues and control costs. Revenue enhancement initiatives include expanding marketing, investment in additional winery capacity and developing new real estate development revenue sources. Cost reduction initiatives include investment in equipment that will decrease our reliance on subcontractors, plus outsourcing and restructuring of certain functions. Our goal is to become more self-sufficient and less dependent on outside financing.

Liquidity

As reflected in our condensed consolidated financial statements, we have generated significant losses which have resulted in a total accumulated deficit of approximately $51 million, raising substantial doubt that we will be able to continue operations as a going concern. Our independent registered public accounting firm included an explanatory paragraph in their report for the years ended December 31, 2014 and 2013, stating that we have incurred significant losses and need to raise additional funds to meet our obligations and sustain our operations. Our ability to execute our business plan is dependent upon our generating cash flow and obtaining additional debt or equity capital sufficient to fund operations. If we are able to obtain additional debt or equity capital (of which there can be no assurance), we hope to acquire additional management as well as increase the marketing our products and continue the development of our real estate holdings.

Our business strategy may not be successful in addressing these issues and there can be no assurance that we will be able to obtain any additional capital. If we cannot execute our business plan on a timely basis (including acquiring additional capital), our stockholders may lose their entire investment in us, because we may have to delay vendor payments and/or initiate cost reductions, which would have a material adverse effect on our business, financial condition and results of operations, and ultimately we could be forced to discontinue our operations, liquidate and/or seek reorganization under the U.S. bankruptcy code.

Consolidated Results of Operations

Three months ended March 31, 2015 compared to three months ended March 31, 2014

Overview

We reported net losses of approximately $2.1 million and $2.0 million for the three months ended March 31, 2015 and 2014, respectively.

Revenues

Revenues were approximately $572,000 and $550,000 during the three months ended March 31, 2015 and 2014, respectively, representing an increase of $22,000 or 4%. Increases in wine, and hotel and restaurant revenues were partially offset by decreases in event sales, as well as the impact of the decline in the value of the Argentine peso vis-à-vis the U.S. dollar in the first quarter of 2015 compared to the same quarter in 2014.

Gross profit

We generated gross profit of approximately $88,000 for the three months ended March 31, 2015 as compared to a gross profit of approximately $42,000 for the three months ended March 31, 2014, representing an increase of $46,000 or 108%. Cost of sales, which consists of raw materials, direct labor and indirect labor associated with our business activities, decreased by approximately $24,000 from $508,000 for the three months ended March 31, 2014 $484,000 for the three months ended March 31, 2015. The increase in gross profit is primarily the result of improved revenues and a reduction in restaurant labor costs resulting from the renegotiation of labor contracts and a reduction in minimum hours required to be paid to restaurant employees.

Selling and marketing expenses

Selling and marketing expenses were approximately $55,000 and $61,000 for the three months ended March 31, 2015 and 2014, respectively, representing a decrease of $6,000 or 10%, which primarily resulted from fluctuations in the exchange rate of the Argentine peso to the United States dollar in the first quarter of 2015 compared to the same quarter in 2014.

General and administrative expenses

General and administrative expenses were approximately $2.0 million and $1.8 million for the three months ended March 31, 2015 and 2014, respectively, representing an increase of $200,000 or 13%. Increases in administrative salaries of $127,000, stock based compensation of $82,000 and professional fees of $121,000 were partially offset by a decrease of approximately $72,000 resulting from the fluctuations in exchange rate of the Argentine peso to the United States dollar.

Depreciation and amortization expense

Depreciation and amortization expense was approximately $67,000 and $68,000 during the three months ended March 31, 2015 and 2014, respectively, representing a decrease of $1,000 or 2%. It should be noted that an additional $47,000 and $35,000 of depreciation and amortization expense was included in cost of sales during the three months ended March 31, 2015 and 2014, respectively. Most of our property and equipment is located in Argentina and gross cost being depreciated declined year-over-year due to the devaluation of the Argentine peso relative to the United States dollar. Increases related to purchases of fixed assets during the quarter were offset by decreases resulting from the devaluation of the peso.

Interest expense, net

Interest expense was approximately $46,000 and $77,000 during the three months ended March 31, 2015 and 2014, respectively, representing a decrease of $31,000 or 40%, related to the reduction (exchange or repayment) of debt during 2014.

Loss on extinguishment of convertible debt

Loss on extinguishment of convertible debt was approximately $96,000 during the three months ended March 31, 2014. The extinguishment losses during the three months ended March 31, 2014 resulted from the excess of the fair market value of the issued Series A Preferred over the carrying value of the exchanged convertible notes that was not pursuant to the original terms of the convertible notes. The Company did not record a loss on extinguishment of convertible debt during the three months ended March 31, 2015.

Liquidity and Capital Resources

We measure our liquidity a variety of ways, including the following:

	March 31, 2015	December 31, 2014
Cash	$ 373,176	$ 442,725
Working Capital Deficiency	$ (1,744,787)	$ (1,897,344)

Based upon our working capital situation as of March 31, 2015, we require additional equity and/or debt financing in order to sustain operations. These conditions raise substantial doubt about our ability to continue as a going concern.

We have relied primarily on debt and equity private placement offerings to third party independent, accredited investors to sustain operations. These offerings were conducted by our wholly-owned subsidiary DPEC Capital, Inc. (“CAP”). Additionally, from time to time, we secured individual, direct loans from our CEO and other shareholders.

During the three months ended March 31, 2015, we issued 763,681 shares of common stock at $2.00 per share to accredited investors in a private placement transaction for gross proceeds of $1,527,362, and received a short term loan of $50,000 from a related, but independent, entity under common management.

The proceeds from these financing activities were used to fund our existing operating deficits, legal and accounting expenses associated with being a public company, capital expenditures associated with our real estate development projects, enhanced marketing efforts to increase revenues and the general working capital needs of the business.

Availability of Additional Funds

As a result of the above developments, we have been able to sustain operations. However, we will need to raise additional capital in order to meet our future liquidity needs for operating expenses, capital expenditures for the winery expansion and to further invest in our real estate development. If we are unable to obtain adequate funds on reasonable terms, we may be required to significantly curtail or discontinue operations.

Sources and Uses of Cash for the Three months ended March 31, 2015 and 2014

Net Cash Used in Operating Activities

Net cash used in operating activities for the three months ended March 31, 2015 and 2014 amounted to approximately $1,751,000 and $1,426,000, respectively. During the three months ended March 31, 2015, the net cash used in operating activities was primarily attributable to the net loss of approximately $2,061,000, adjusted for approximately $479,000 of net non-cash expenses, and approximately $169,000 of cash used by changes in the levels of operating assets and liabilities. During the three months ended March 31, 2014, the net cash used in operating activities was primarily attributable to the net loss of approximately $2,013,000 adjusted for approximately $227,000 of net non-cash expenses, and approximately $360,000 of cash provided by changes in the levels of operating assets and liabilities.

Net Cash Used in Investing Activities

Net cash used in investing activities for the three months ended March 31, 2015 and 2014 amounted to approximately $47,000 and $104,000, respectively, and was primarily related to the purchase of property and equipment.

Net Cash Provided by Financing Activities

Net cash provided by financing activities for the three months ended March 31, 2015 and 2014 amounted to approximately $1,577,000 and $1,721,000, respectively. For the three months ended March 31, 2015, the net cash provided by financing activities resulted primarily from the offering of equity securities for net proceeds of approximately $1,527,000 and new borrowings of $50,000. For the three months ended March 31, 2014, the net cash provided by financing activities resulted primarily from the offering of equity securities for net proceeds of approximately $1,527,000, new borrowings, net of repayments, of approximately $144,000, and proceeds from the exercise of stock options of approximately $50,000.

Going Concern and Management’s Liquidity Plans

The accompanying condensed consolidated financial statements have been prepared assuming that we will continue as a going concern, which contemplates the realization of assets and satisfaction of liabilities and commitments in the normal course of business. As discussed in Note 2 to the accompanying condensed consolidated financial statements, we have not achieved a sufficient level of revenues to support our business and development activities and have suffered substantial recurring losses from operations since our inception, which conditions raise substantial doubt that we will be able to continue operations as a going concern. The accompanying condensed consolidated financial statements do not include any adjustments that might be necessary if we were unable to continue as a going concern.

Based on current cash on hand and subsequent activity as described herein, our cash-on-hand only allows us to operate our business operations on a month-to-month basis. While we are exploring opportunities with third parties and related parties to provide some or all of the capital we need over the short and long terms, we have not entered into any external agreement to provide us with the necessary capital. Historically, the Company has been successful in raising funds to support our capital needs. If we are unable to obtain additional financing on a timely basis, we may have to delay vendor payments and/or initiate cost reductions, which would have a material adverse effect on our business, financial condition and results of operations, and ultimately we could be forced to discontinue our operations, liquidate and/or seek reorganization under the U.S. bankruptcy code. As a result, our auditors have issued a going concern opinion in conjunction with their audit of our December 31, 2014 and 2013 consolidated financial statements.

Off-Balance Sheet Arrangements

None.

Contractual Obligations

As a smaller reporting company, we are not required to provide the information requested by paragraph (a)(5) of this Item.

Critical Accounting Policies and Estimates

There are no material changes from the critical accounting policies set forth in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” set forth in our Annual Report on Form 10-K filed with the SEC on March 31, 2015. Please refer to that document for disclosures regarding the critical accounting policies related to our business.

Item 3. Quantitative and Qualitative Disclosure About Market Risk

As a "smaller reporting company" as defined by Item 10 of Regulation S-K, we are not required to provide information required by this Item.

Item 4: Controls and Procedures

Disclosure Controls and Procedures

Our management carried out an evaluation, under the supervision and with the participation of our Chief Executive Officer (who is our Principal Executive Officer) and our Chief Financial Officer (who is our Principal Financial Officer and Principal Accounting Officer), of the effectiveness of the design of our disclosure controls and procedures (as defined by Exchange Act Rules 13a-15(e) or 15d-15(e)) as of March 31, 2015, pursuant to Exchange Act Rule 13a-15(b). Based upon that evaluation, our Principal Executive Officer and Principal Financial Officer concluded that our disclosure controls and procedures were not effective as of March 31, 2015.

Material Weakness in Internal Control Over Financial Reporting and Status of Remediation Efforts

Our Annual Report on Form 10-K for the year ended December 31, 2014 does not include a report of management's assessment regarding internal control over financial reporting or an attestation report of the Company's registered public accounting firm pursuant to Section 404 of the Sarbanes-Oxley Act of 2002 due to a transition period established by the rules of the Securities and Exchange Commission for newly public companies.

However, our management has determined that as of December 31, 2014, we had a material weakness in our internal control over financial reporting due to the fact that we did not have the appropriate resources with the resources to provide oversight over the timely preparation and review of schedules necessary for the preparation of our financial statements and to make certain U.S. GAAP accounting judgments. A material weakness is a control deficiency, or a combination of control deficiencies, such that there is a reasonable possibility that a material misstatement of interim or annual financial statements will not be prevented or detected on a timely basis. See our Form 10-K for the year ended December 31, 2014 for additional details.

Notwithstanding the existence of this material weakness described above, our management has concluded that the financial statements included in this Quarterly Report on Form 10-Q present fairly, in all material respects, our financial position, results of operations and cash flows for the periods presented in conformity with U.S. GAAP. Our Chief Executive Officer and Chief Financial Officer have certified to their knowledge that this Quarterly Report on Form 10-Q does not contain any untrue statements of material fact or omit to state any 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 in this Quarterly Report. We have discussed this material weakness with our independent registered public accounting firm and our Audit Committee.

We are already in the process of remediating the material weakness and developing a plan for management's annual assessment of internal control over financial reporting as provided under Section 404 of the Sarbanes-Oxley Act of 2002. Our remediation efforts thus far have included hiring additional personnel with financial reporting and operational experience, software and systems upgrading for the multicurrency reporting, changes to processes and procedures to strengthen closing process and enhance controls and efficiency. Our independent registered public accounting firm has not assessed the effectiveness of our internal control over financial reporting and will not be required to provide an attestation report on the effectiveness of our internal control over financial reporting so long as we qualify as an emerging growth company or until we are no longer a non-accelerated filer as defined in Rule 12b-2 under the Exchange Act, whichever is later, which may increase the risk that weaknesses or deficiencies in our internal control over financial reporting go undetected.

Changes in Internal Control over Financial Reporting

Except for the remediation efforts described above, during the fiscal quarter ended March 31, 2015, there were no changes in our internal controls over financial reporting, or in other factors that could significantly affect these controls, that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations of Controls

Management does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all error and all fraud. Controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions, or deterioration in the degree of compliance with the policies or procedures. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

From time to time AWLD and its subsidiaries and affiliates are subject to litigation and arbitration claims incidental to its business. Such claims may not be covered by its insurance coverage, and even if they are, if claims against AWLD and its subsidiaries are successful, they may exceed the limits of applicable insurance coverage. Additionally, as participants in the heavily-regulated securities industry, CAP and its associated persons have been named as respondents in certain regulatory proceedings.

Certain Regulatory Matters and Customer Arbitrations

Scott Mathis, Chairman of the Board of Directors of AWLD and Chief Executive Officer of AWLD, is a registered representative associated with CAP. The report available on *Broker Check* at www.finra.org reflects a number of disclosure events, including one regulatory matter, a number of completed customer arbitrations and customer complaints, and two liens and judgments.

CAP has eight disclosure events as reported to FINRA, available on *Broker Check* at www.finra.org.

Customer Arbitrations and Complaints

There are no pending customer arbitrations or complaints pertaining to DPEC Capital or any of its associated persons.

Regulatory Matters

In December 2007, the FINRA Office of Hearing Officers (“OHO”) held that Mr. Mathis negligently failed to make certain disclosures on his Form U4 to reflect the filing of certain personal federal tax liens. (All of the underlying tax liabilities were paid in full by Mr. Mathis in 2003 and the liens were released in 2003.) After several appeals regarding the willfulness finding, Mr. Mathis served a suspension, which was completed on September 4, 2012, and all fines have been paid.

Under applicable FINRA rules, the finding that Mr. Mathis acted willfully subjected him to a “statutory disqualification” would have prevented him from working in the securities industry. In accordance with FINRA rules, Mr. Mathis filed Form MC-400 with FINRA in September 2012, requesting that he be permitted to continue to work in the securities industry and in October 2014, FINRA’s Member Regulation Department recommended approval of the MC-400 application. On April 30, 2015, FINRA’s National Adjudicatory Council (NAC) agreed with the recommendation of Member Regulation and further approved the application so that Mr. Mathis can continue to work in the securities industry. That approval becomes automatically effective thirty days thereafter, unless the Securities and Exchange Commission determines that it should review the NAC decision.

Item 1A. Risk Factors

As a “smaller reporting company” as defined by Item 10 of Regulation S-K, we are not required to provide information required by this Item. However, our current risk factors are set forth in our Annual Report on Form 10-K for the year ended December 31, 2014, filed with the SEC on March 31, 2015.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuances of Shares, Options and Warrants

During the three months ended March 31, 2015, the Company issued 763,681 common shares at $2.00 per share to accredited investors for cash proceeds of $1,527,362. Commissions in the form of cash of $152,736 and 53,000 warrants to purchase common stock at $2.00 per share valued at $37,392 were paid to DPEC Capital, Inc., the Company’s registered broker dealer subsidiary who acted as placement agent in connection with these share issuances. DPEC Capital, Inc., in turn, awarded such warrants to its registered representatives who all had sufficient knowledge and experience in financial, investment and business matters to be capable of evaluating the merits and risks of investment in the Company and able to bear the risk of loss. For this sale of securities, the Company relied on the exemption from registration available under Section 4(a)(2) and Rule 506(b) of Regulation D promulgated under the Securities Act with respect to transactions by an issuer not involving any public offering. A Form D was filed with the SEC on July 14, 2014 and an amended Form D was filed with the SEC on September 15, 2014.

There were no stock options granted during the three months ended March 31, 2015 and 2014.

Item 3. Defaults upon Senior Securities

None.

Item 4. Mine and Safety Disclosure

Not applicable.

Item 5. Other Information

Pursuant to the Audit Committee Charter of the Company in effect as of April 15, 2015, the Audit Committee is charged with meeting to review and discuss with management and the independent auditor the annual audited financial statements and quarterly financial statements of the Company. Due to the medical condition of one of the Company’s Audit Committee members, the Audit Committee was unable to hold a meeting with the required quorum.

However, the Board of Directors did hold a meeting at which a quorum was present (including the other Audit Committee member) and at which Company’s management and independent auditors were present. The Board of Directors discussed the quarterly financial statements of the Company with the independent auditors and approved this Quarterly Report.

Item 6. Exhibits

The following is a complete list of exhibits filed as part of this Form 10-Q. Exhibit numbers correspond to the numbers in the Exhibit Table of Item 601 of Regulation S-K.

Exhibit	Description
3.1	Amended and Restated Certificate of Incorporation filed September 30, 2013[(1)]
3.2	Amended and Restated Bylaws[(1)]
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act.*
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act.*
32.1	Certification of Chief Executive Officer pursuant to 18 U.S. C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act.*
32.2	Certification of Chief Financial Officer pursuant to 18 U.S. C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act.*
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

(1) Incorporated by reference from the Company's Registration of Securities Pursuant to Section 12(g) on Form 10 dated May 14, 2014.

* Filed herewith.

SIGNATURES

Pursuant to the requirements of Section 12 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.

Date: May 15, 2015

ALGODON WINES & LUXURY DEVELOPMENT GROUP, INC.

By: /s/ Scott L. Mathis
Scott L. Mathis
Chief Executive Officer

By: /s/ Maria Echevarria
Maria Echevarria
Chief Financial Officer and Chief Operating Officer

Exhibit 31.1

CERTIFICATION PURSUANT TO RULE 13a-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934

I, Scott L. Mathis, certify that:

1. I have reviewed this quarterly report on Form 10-K of Algodon Wines & Luxury Development Group, 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) [Omitted pursuant to Exchange Act Rule 13a-14 of the Securities Exchange Act of 1934];

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

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

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

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

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

May 15, 2015

/s/ Scott L. Mathis

Name:	Scott L. Mathis
Title:	Chief Executive Officer (Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO RULE 13a-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934

I, Maria Echevarria, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Algodon Wines & Luxury Development Group, 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) [Omitted pursuant to Exchange Act Rule 13a-14 of the Securities Exchange Act of 1934];

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

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

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

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

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

May 15, 2015

/s/ Maria Echevarria

Name:	Maria Echevarria
Title:	Chief Financial Officer Chief Operating Officer (Principal Accounting Officer)

Exhibit 32.1

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

I, Scott L. Mathis, Chief Executive Officer of Algodon Wines & Luxury Developments Group, Inc. (the Company), certify, that pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code:

1. The Company’s Quarterly Report on Form 10-Q for the period ended March 31, 2015, as filed with the Securities and Exchange Commission on the date hereof (the Report) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. Information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

/s/ Scott L. Mathis
Scott L. Mathis
Chief Executive Officer and Principal Executive Officer

Dated: May 15, 2015

Exhibit 32.2

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

I, Maria Echevarria, Chief Financial Officer and Chief Operating Officer of Algodon Wines & Luxury Developments Group, Inc. (the Company), certify, that pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code:

1. The Company's Quarterly Report on Form 10-Q for the period ended March 31, 2015, as filed with the Securities and Exchange Commission on the date hereof (the Report) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. Information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

/s/ Maria Echevarria
Maria Echevarria
Chief Financial Officer, Principal Financial Officer and Chief Operating Officer

Dated: May 15, 2015