

IZEA Holdings, Inc.
Form 10-Q
May 15, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2012

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

For the transition period from _____ to _____

Commission File No.: 333-167960

IZEA, INC.
(Exact name of registrant as specified in its charter)

| | |
|---|---|
| Nevada | 37-1530765 |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |

150 N. Orange Avenue
Suite 412
Orlando, FL 32801
(Address of principal executive offices)

Registrant's telephone number: (407) 674-6911

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 ☐

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

Large accelerated filer ☐

Accelerated filer ☐

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

Smaller reporting company ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

As of May 14, 2012, there were 45,028,002 shares of our common stock outstanding.

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Quarterly Report on Form 10-Q for the period ended March 31, 2012

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PART I - FINANCIAL INFORMATION

ITEM 1 - FINANCIAL STATEMENTS

IZEA, Inc.

Consolidated Balance Sheets

| | March 31, 2012 (Unaudited) | December 31, 2011 |
|---|----------------------------------|----------------------|
| Assets | | |
| Current: | | |
| Cash and cash equivalents | \$ 123,668 | \$ 225,277 |
| Accounts receivable, net | 536,272 | 690,575 |
| Prepaid expenses | 35,458 | 165,736 |
| Deferred finance costs, net of accumulated amortization of \$3,893 | 17,907 | — |
| Other current assets | 50,301 | 38,897 |
| Total current assets | 763,606 | 1,120,485 |
| Property and equipment, net | 140,135 | 152,434 |
| Intangible assets, net of accumulated amortization of \$27,894 and \$17,434 | 97,631 | 108,091 |
| Security deposits | 21,038 | 21,038 |
| Total assets | \$ 1,022,410 | \$ 1,402,048 |
| Liabilities and Stockholders' Deficit | | |
| Current liabilities: | | |
| Accounts payable | \$ 1,146,290 | \$ 1,080,015 |
| Accrued payroll | 305,732 | 224,438 |
| Deferred rent | 3,975 | 10,830 |
| Unearned revenue | 1,086,757 | 1,132,794 |
| Compound embedded derivative | 25,861 | — |
| Current portion of capital lease obligations | 20,643 | 25,070 |
| Current portion of notes payable | 494,720 | — |
| Total current liabilities | 3,083,978 | 2,473,147 |
| Capital lease obligations, less current portion | 23,759 | 27,850 |
| Warrant liability | 647,789 | 752,486 |
| Total liabilities | 3,755,526 | 3,253,483 |
| Stockholders' deficit: | | |
| Series A convertible preferred stock; \$.0001 par value; 240 shares authorized; 230 shares issued and outstanding | — | — |
| Common stock, \$.0001 par value; 500,000,000 shares authorized; 38,670,427 and 38,648,450 issued and outstanding | 3,867 | 3,865 |
| Additional paid-in capital | 16,310,991 | 16,275,484 |
| Accumulated deficit | (19,047,974) | (18,130,784) |
| Total stockholders' deficit | (2,733,116) | (1,851,435) |

| | | |
|---|--------------|--------------|
| Total liabilities and stockholders' deficit | \$ 1,022,410 | \$ 1,402,048 |
|---|--------------|--------------|

See accompanying notes to unaudited consolidated financial statements.

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IZEA, Inc.
Consolidated Statements of Operations
(Unaudited)

| | Three Months Ended March 31, | |
|--|------------------------------|-------------|
| | 2012 | 2011 |
| Revenue | \$1,645,367 | \$922,778 |
| Cost of sales | 659,281 | 441,535 |
| Gross profit | 986,086 | 481,243 |
| Operating expenses: | | |
| General and administrative | 1,783,981 | 962,214 |
| Sales and marketing | 193,539 | 167,481 |
| Total operating expenses | 1,977,520 | 1,129,695 |
| Loss from operations | (991,434) | (648,452) |
| Other income (expense): | | |
| Interest expense | (16,744) | (7,904) |
| Change in fair value of derivatives | 90,987 | — |
| Other income (expense), net | 1 | 27 |
| Total other income (expense) | 74,244 | (7,877) |
| Net loss | \$(917,190) | \$(656,329) |
| Weighted average common shares outstanding – basic and diluted | 38,653,116 | |