

IZEA, Inc.
Form 10-K/A
October 30, 2013
Table of Contents

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

FORM 10-K/A
(Amendment No. 1)

(Mark One)

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

For the fiscal year ended December 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
(State or other jurisdiction of
incorporation or organization)

37-1530765
(I.R.S. Employer
Identification No.)

1000 Legion Place, Suite 1600
Orlando, Florida
(Address of principal executive offices)

32801
(Zip Code)

Registrant's telephone number, including area code: (407) 674-6911

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: None

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

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

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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

Indicated by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K/A or any amendment to this Form 10-K/A.

Table of Contents

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates as of June 30, 2012 (the last business day of the registrant's most recently completed second fiscal quarter) was \$3,454,166 based on the closing bid price of such common equity of \$3.20 per share on that date. All executive officers and directors of the registrant and all 10% or greater shareholders have been deemed, solely for the purpose of the foregoing calculation, to be “affiliates” of the registrant.

APPLICABLE ONLY TO CORPORATE REGISTRANTS

As of March 22, 2013, there were 7,145,526 shares of our common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

None

EXPLANATORY NOTE

This Amendment No. 1 on Form 10-K/A (the “Amendment”) amends the Annual Report on Form 10-K for the year ended December 31, 2012 of IZEA, Inc. (“IZEA”), as originally filed with the U.S. Securities and Exchange Commission (the “SEC”) on March 29, 2013 (the “Original Filing”). IZEA is filing the Amendment due to staff comments from the SEC solely to amend:

- (a) Part II-Item 8 “Financial Statements and Supplementary Data” to correct the Report of Independent Registered Public Accounting Firm (the “Report”) to refer to “the standards” of the PCAOB, rather than to “the auditing standards” of the PCAOB, as is required by the PCAOB’s Auditing Standard No. 1; and
- (b) Part IV-Item 15 “Exhibits and Financial Statement Schedules” to indicate that new certifications by IZEA’s principal executive and principal financial officer, as required by Rule 12b-15, are filed as exhibits to the Amendment.

This Amendment does not affect any other parts of, or exhibits to, the Original Filing, nor does it reflect events occurring after the date of the Original Filing.

Table of Contents

Annual Report on Form 10-K/A for the period ended December 31, 2012

Table of Contents

	Page
<u>PART II</u>	
<u>Item 8. Financial Statements and Supplementary Data</u>	<u>1</u>
<u>Report of Independent Registered Public Accounting Firm</u>	<u>1</u>
<u>Consolidated Balance Sheets as of December 31, 2012 and 2011</u>	<u>2</u>
<u>Consolidated Statements of Operations for the years ended December 31, 2012 and 2011</u>	<u>3</u>
<u>Consolidated Statements of Stockholders' Deficit for the years ended December 31, 2012 and 2011</u>	<u>4</u>
<u>Consolidated Statements of Cash Flows for the years ended December 31, 2012 and 2011</u>	<u>5</u>
<u>Notes to the Consolidated Financial Statements</u>	<u>6</u>
<u>PART IV</u>	
<u>Item 15. Exhibits and Financial Statement Schedules</u>	<u>25</u>
<u>Signatures</u>	<u>26</u>

Table of Contents

ITEM 8 - FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
IZEA, Inc.

We have audited the accompanying consolidated balance sheets of IZEA, Inc. as of December 31, 2012 and 2011, and the related consolidated statements of operations, stockholders' deficit, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of IZEA, Inc. as of December 31, 2012 and 2011, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has incurred recurring operating losses and had a negative working capital and an accumulated deficit at December 31, 2012. These conditions raise substantial doubt about the Company's ability to continue as a going concern without raising sufficient additional financing. Management's plans in regard to these matters are also described in Note 1. The financial statements do not include any adjustments that would be necessary to reflect the possible future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that may result from the outcome of this uncertainty.

/s/ Cross, Fernandez & Riley, LLP

Orlando, Florida
March 29, 2013

Table of Contents

IZEA, Inc.

Consolidated Balance Sheets

	December 31, 2012	December 31, 2011
Assets		
Current:		
Cash and cash equivalents	\$657,946	\$225,277
Accounts receivable, net of allowances of \$0 and \$10,000	426,818	690,575
Prepaid expenses	162,565	165,736
Deferred finance costs, net of accumulated amortization of \$25,923	1,877	—
Other current assets	11,627	38,897
Total current assets	1,260,833	1,120,485
Property and equipment, net	113,757	152,434
Intangible assets, net of accumulated amortization of \$59,276 and \$17,434	18,000	108,091
Security deposits	9,048	21,038
Total assets	\$1,401,638	\$1,402,048
Liabilities and Stockholders' Deficit		
Current liabilities:		
Accounts payable	\$1,163,307	\$1,080,015
Accrued expenses	187,868	224,438
Deferred rent	—	10,830
Unearned revenue	1,140,140	1,132,794
Compound embedded derivative	11,817	—
Current portion of capital lease obligations	17,638	25,070
Current portion of notes payable	75,000	—
Total current liabilities	2,595,770	2,473,147
Capital lease obligations, less current portion	10,212	27,850
Notes payable, less current portion	106,355	—
Warrant liability	2,750	752,486
Total liabilities	2,715,087	3,253,483
Stockholders' deficit:		
Series A convertible preferred stock; \$.0001 par value; 240 shares authorized; 5 and 230 shares issued and outstanding	—	—
Common stock, \$.0001 par value; 100,000,000 shares authorized; 6,186,997 and 966,227 issued and outstanding	619	97
Additional paid-in capital	21,489,354	16,279,252
Accumulated deficit	(22,803,422)	(18,130,784)
Total stockholders' deficit	(1,313,449)	(1,851,435)
Total liabilities and stockholders' deficit	\$1,401,638	\$1,402,048

See accompanying notes to consolidated financial statements.

2

Table of ContentsIZEA, Inc.
Consolidated Statements of Operations

	Twelve Months Ended December 31,	
	2012	2011
Revenue	\$4,954,239	\$4,347,235
Cost of sales	2,150,379	1,951,571
Gross profit	2,803,860	2,395,664
Operating expenses:		
General and administrative	6,287,774	5,859,087
Sales and marketing	981,542	823,365
Total operating expenses	7,269,316	6,682,452
Loss from operations	(4,465,456)	(4,286,788)
Other income (expense):		
Interest expense	(115,799)	(24,392)
Loss on exchange of warrants	(802,123)	—
Change in fair value of derivatives, net	711,379	332,484
Other income (expense), net	(639)	104
Total other income (expense)	(207,182)	