

IZEA, Inc.
Form 10-Q
August 14, 2018
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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 June 30, 2018

☐ 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.: 001-37703

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

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

480 N. Orlando Avenue, Suite 200 32789
Winter Park, FL
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (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 ☐

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

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards pursuant to Section 13(a) of the Exchange Act. ☐

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

Yes ☐ No ☒

APPLICABLE ONLY TO CORPORATE REGISTRANTS

As of August 13, 2018, there were 10,665,698 shares of our common stock outstanding.

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Quarterly Report on Form 10-Q for the period ended June 30, 2018

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PART I - FINANCIAL INFORMATION

ITEM 1 - FINANCIAL STATEMENTS

IZEA, Inc.

Unaudited Consolidated Balance Sheets

	June 30, 2018	December 31, 2017
Assets		
Current:		
Cash and cash equivalents	\$1,878,159	\$3,906,797
Accounts receivable, net	2,821,401	3,647,025
Prepaid expenses	626,246	389,104
Other current assets	40,456	9,140
Total current assets	5,366,262	7,952,066
Property and equipment, net	315,987	286,043
Goodwill	3,604,720	3,604,720
Intangible assets, net	451,873	667,909
Software development costs, net	1,078,337	967,927
Security deposits	148,103	148,638
Total assets	\$10,965,282	\$13,627,303
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$1,527,539	\$1,756,841
Accrued expenses	1,112,108	1,592,356
Contract liabilities	4,434,627	—
Unearned revenue	—	3,070,502
Line of credit	845,365	500,550
Current portion of deferred rent	40,307	45,127
Current portion of acquisition costs payable	386,872	741,155
Total current liabilities	8,346,818	7,706,531
Deferred rent, less current portion	—	17,419
Acquisition costs payable, less current portion	351,150	609,768
Total liabilities	8,697,968	8,333,718
Commitments and Contingencies	—	—
Stockholders' equity:		
Preferred stock; \$.0001 par value; 10,000,000 shares authorized; no shares issued and outstanding	—	—
Common stock, \$.0001 par value; 200,000,000 shares authorized; 5,860,933 and 5,733,981, respectively, issued and outstanding	586	573
Additional paid-in capital	53,335,845	52,570,432
Accumulated deficit	(51,069,117)	(47,277,420)
Total stockholders' equity	2,267,314	5,293,585

Total liabilities and stockholders' equity	\$10,965,282	\$13,627,303
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See accompanying notes to the unaudited consolidated financial statements.

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IZEA, Inc.

Unaudited Consolidated Statements of Operations

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Revenue	\$4,120,960	\$5,712,904	\$8,017,401	\$10,547,409
Costs and expenses:				
Cost of revenue (exclusive of amortization)	1,930,298	2,714,699	4,093,440	5,051,759
Sales and marketing	1,735,596	1,886,528	3,491,122	4,275,348
General and administrative	1,970,610	2,166,370	3,585,832	4,613,288
Depreciation and amortization	210,691	358,260	476,146	720,866
Total costs and expenses	5,847,195	7,125,857	11,646,540	14,661,261
Loss from operations	(1,726,235)	(1,412,953)	(3,629,139)	(4,113,852)
Other income (expense):				
Interest expense	(35,403)	(13,272)	(56,714)	